Registered number: 03857770

Springfields Fuels Limited

Annual report and financial statements

for the year ended 31 December 2022

Springfields Fuels Limited

Contents

Springfields Fuels Limited

Company information

Directors	Kirsty Armer Richard Easterling David Eaves Paul Lomas
Registered office	Springfields Salwick Preston Lancashire PR4 0XJ United Kingdom
Independent auditor	Deloitte LLP The Hanover Building Corporation Street Manchester M4 4AH United Kingdom
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

Springfields Fuels Limited

Strategic report
For the year ended 31 December 2022

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

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

Principal activities and fair review of the business

The company is a wholly owned subsidiary of Westinghouse Electric UK Holdings Limited whose ultimate parent company is Brookfield Corporation (formerly Brookfield Asset Management Inc.), and trades at the Springfields site at Salwick, near Preston in Lancashire. The company is part of the Westinghouse group that includes all the subsidiaries under Brookfield WEC Holdings Sub-Aggregator LP. The principal activities of the business are the manufacture of fuel for nuclear power stations, related conversion processes, processing of residues and transporting of uranium.

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

	31 December 2022	31 December 2021	% Change increase/ (decrease)
	£000	£000	
Turnover	**154,466**	157,183	(2%)
Operating profit	**15,554**	6,124	154%
Profit for the financial year	**10,051**	1,578	537%
Total shareholders' funds	**100,265**	98,314	2%
Current assets to current liabilities ratio	**1.08:1**	1.19:1	(9%)

The company recorded turnover of £154,466,000 (2021: £157,183,000) mainly from the manufacture and sale of Advanced Gas Reactor ("AGR") fuel and associated services. The reported operating profit (note 5) for the year was £15,554,000 (2021: £6,124,000). The decrease in turnover is due to the customer demand for AGR fuel which has been mostly offset by an increase in Light Water Reactor Fuel ("LWR"). The operating profit for the year has increased mainly due to the reduction in exceptional costs associated with the restructuring program £265,000 (2021: £11,556,000).

Results

The profit for the financial year amounted to £10,051,000 (2021: £1,578,000). The increase in profit is mainly due to reduced cost from the restructuring program. The tax on profit amounted to a charge of £2,609,000 (2021: £491,000) (note 10).

Principal risks and uncertainties

The company continues to have a lifetime contract for the supply of nuclear fuel to Britain's fleet of Advanced Gas Cooled Reactors. The company continues to improve production efficiencies and seeks opportunities to increase its LWR-Fuel load and to provide services to the nuclear market. The company continues to strengthen its relationship with the Nuclear Decommissioning Authority ("NDA") and Ministry of Defence ("MOD") for uranium recovery work.

Section 172 statement

This section describes how the directors have had regards to the matters set out in section 172(1) (a) to (f) of the 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 duties under section 172. The board met on a quarterly basis and 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.

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

Principal risks and uncertainties (continued)

Our stakeholders

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

The strength of our business is built on the hard work and dedication of the Springfields Fuels Limited ("SFL") workforce. We also consider the interests of former employees who are members of a pension scheme sponsored by SFL. The vast majority of our employees are represented by established national union bodies and fall under a collective bargaining agreement. SFL works 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.

Our customers are the reason we exist. It is essential to our future that we safely and consistently deliver products and services on time, in full and without complaint, and continue to design safe, cost effective products and services to serve new and existing customers at competitive prices.

As a Licensed Nuclear site, SFL is regulated by the Office for Nuclear Regulation ("ONR") and the Environment Agency ("EA"). Regular communication through liaison meetings and scheduled themed inspections form the core of our relationship and engagement. We seek a constructive and cooperative relationship with our regulatory bodies that authorise and regulate our business activities. This helps us maintain a reputation for high standards of business conduct. They expect us to comply with all applicable laws, regulations, licence and permit conditions.

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

Communities and the wider public expect us to act as a responsible company and neighbour, to provide high quality employment and to minimise any adverse impact on local communities and the environment. One way in which SFL engages with the wider community is via the Site Stakeholder Group ("SSG"). The SSG meets twice per year and is chaired by a member of the public. The meetings are attended by representatives of the company (including two directors) along with members of the local community, council members, regulators, customers, and the unions.

We rely on our suppliers to provide components, consumables, product distribution and to provide essential services we need to operate our business. Our suppliers rely on us to generate revenue and employment for them. SFL has long standing relationships with many suppliers, particularly in the fuel component supply chain. SFL has a team dedicated to managing these key supply agreements and important relationships. This is achieved through regular communication regarding demand, quality, and delivery performance feedback (including a supplier score card), along with frequent visits to supplier sites.

Section 172 statement (continued)

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

The board remains mindful that its strategic decisions can have long-term implications for the business and its stakeholders, and these implications are carefully assessed. The most prevalent examples of this during 2022 were decisions made by the board with regards to the continuing voluntary severance programme (crucial action necessary to right-size the organisation), increasing productivity and competitiveness and the establishment of the "Springfields Clean Energy Technology Park" (a clear marketing strategy for growth and diversification of the Springfields site in February 2020). The board has balanced the need for being a competitive supplier of products and services whilst ensuring continued high levels of safety and operational performance. The company has an objective to increase market share, supported by diversification and growth across other clean energy opportunities.

Having regard to the interests of the company's employees

The board takes active steps to ensure the suggestions, views and interests of the workforce are captured and considered in decision making. Most of the directors themselves have each served the company as employees for over 20 years. They all therefore perform a high degree of personal oversight and engagement in the company's affairs. This knowledge of the business and active style of engagement ensures our executive directors maintain a strong insight into the mood, culture, and views of the workforce which they are then better able to consider as a board. SFL's five year business plan includes the ambition of being 1) the LWR fuel supplier of choice in Europe (including the UK), the Middle East and Asia ("EMEA"), 2) a growing supplier of clean-up solutions and 3) a long-term viable business with sustainable employment. This ambition is underpinned by delivering an industry leading safety and quality performance and includes key business objectives to 1) energise people and culture, 2) achieve cost reduction and efficiency, 3) secure Shingo™ recognition for enterprise excellence, and 4) deliver business growth and diversification.

Employee engagement

The company has numerous effective workforce engagement mechanisms in place. Employees are kept informed of performance and strategy through regular presentations and updates from members of the board and executive lead team. The directors attend key management meetings throughout the year including monthly communication meetings, capital expenditure meetings and they present financial results to employees.

Regular employee engagement surveys are undertaken.

The board also pays careful regard to the health, safety and wellbeing of employees and receives updates from the Site Director (head of site) and Environment Health and Safety Director which includes safety performance and mental health wellbeing initiatives.

Diversity

SFL is committed to developing a culture that fosters honest, open conversations and makes space for everyone to be themselves and thrive. Our goal is to create a company in which diversity and inclusion is an integral part of our DNA. In 2019, SFL established the Team Springfields 7 connected theme framework for employee engagement. Each of the 7 themes has an executive sponsor and addresses the following areas: 1) Talent attraction and retention; 2) Engagement; 3) Performance development and growth; 4) Recognising and rewarding excellence; 5) Wellbeing; 6) Leadership; and 7) Equality, diversity, and inclusion. Each theme is populated by employees and union representatives drawn from across the business. The Team Springfields steering committee is chaired by the Managing Director. The SFL board has a history of gender balance amongst directors, currently 1/4 female and 3/4 male.

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

Section 172 statement (continued)

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

During the year the board was briefed on major contract negotiations and strategy with regard to key customers and suppliers. The board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value for money for our investors and the required safety, quality and service levels for our customers. It is policy to pay suppliers invoices promptly in accordance with the contract terms, the maximum standard terms for purchase contracts are "net 60 days", however there are other terms in use, i.e. net 30 days, 30 days end of month and 35 days from invoice date.

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

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

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

Our business is regulated by the EA and as a responsible company we always seek to cooperate and engage constructively with the Agency and meet our obligations.

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

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

Key Performance Indicators

The company monitors performance using a number of key performance indicators ("KPI") as detailed in the following table:

		31 December 2022	31 December 2021
Operations	Return on sales (operating profit divided by turnover)	**10.1%**	3.9%
Inventory	Inventory turnover (raw material cost divided by stocks)	**1.10**	1.16
Personnel	Average headcount	**641**	736
Safety	Days Away Case Rate ("DACR")	**0.08**	0.08
	Total Recordable Incident Rate ("TRIR")	**0.16**	0.16
Work-related	Days sick per employee	**17.61**	11.64

These KPIs are aligned to the company's strategy of "Safety and Quality First" and the strategy for short and medium-term transformation focusing on cost reduction and improving efficiency of operations.

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

Future developments

Through the Westinghouse agreed Springfields Site strategy, the company intends to continue to manufacture fuel for nuclear power stations, provide related conversion processes and the recovery of uranium through residue processing. The company aims to be a key manufacturer of the LWR fuel products and other new niche fuel products, and to develop advanced nuclear technologies and materials management activities at the site on behalf of Westinghouse. In the short-term the company aims to supply global uranium recovery services and seeks to continue to operate the transportation business on behalf of the Westinghouse group.

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

Approved by the board of directors on 27 September 2023 and signed on its behalf by:

R.J. Easterling

Richard Easterling

Director

Directors' report
For the year ended 31 December 2022

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditor's report, for the year ended 31 December 2022.

Directors

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

David Mills (resigned 31 March 2022)
David Eaves
Kirsty Armer
Paul Lomas
Richard Easterling

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic report on pages 2 to 6. This includes a review of the business during the year, of its position at the end of the year and of the likely future developments. The strategic report also includes how the directors are fostering relationships with suppliers, customers and other stakeholders.

Financial risk management objectives and policies

Financial instruments

During the year ended 31 December 2022 the company financed its operations from trading. The company trades with a number of customers, whose credit ratings have been assessed, and aged debtors are monitored on a regular basis.

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

Interest rate risk

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

Foreign currency risk

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

SFL does not enter into forward foreign currency contracts directly with external banks. Brookfield WEC Holdings Inc. ("BWHI") enters into foreign currency contracts with external providers on behalf of SFL. As at 31 December 2022 there was 3 outstanding forward foreign currency contracts entered into by BWHI (2021: 2) with a fair value of £7,000 net liability owed to BWHI from SFL (2021: asset of £17,000) (see note 20). Hedge accounting is not applied and the contracts are carried at fair value through profit and loss. The company has a master netting agreement (ISDA agreement) with BWHI to enable back to back agreements to be put in place when BWHI enters into forward foreign exchange contracts with external banks.

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

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

Financial risk management objectives and policies (continued)

Liquidity risk
The company operates independent bank accounts locally and has the ability to lend and borrow cash through the liquidity funding mechanism ("LFM") financing agreement arranged by Westinghouse Electric UK Holdings Limited ("WEC Holdings").

Research and development

During the year, the company has made modifications to the oxide process and developments in uranium recovery which are £1,309,000 of operating expenditure (2021: £2,416,000) (note 5), and £386,000 of capital expenditure (2021: £233,000).

Disabled employees

The company is committed to a policy of equal opportunities for all employees. Great care is exercised in the company's recruitment and selection procedures to ensure that there is no discrimination, and that training is given to meet individual needs. Applications by people with disabilities are given full and fair consideration and, wherever practical, provision is made for their special needs. The same criteria for training and promotion apply to people with disabilities as to any other employee. If an employee becomes disabled, every effort is made to ensure their continued employment.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information about the group has been continued through meetings, and monthly communications in which employees are encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Directors' indemnities

Brookfield Corporation (formerly Brookfield Asset Management Inc.) maintains directors' and officers' liability insurance, covering the defence costs of civil legal proceedings and the damages resulting from the unsuccessful defence 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.

Streamlined Energy and Carbon Reporting ("SECR")

	31 December 2022	31 December 2021
Energy consumption used to calculate emissions (kWh)	**176,941,791**	175,628,312
Scope 1 Direct emissions in metric tonnes CO2:		
– Gas & fuel oil consumption	**36,287**	37,161
– Owned transport	**168**	-
Scope 1 Total	**36,455**	37,161
Scope 2 Indirect emissions in metric tonnes CO2 – purchased electricity	**881**	1,184
Scope 3 Other direct emissions in metric tonnes CO2 – business travel in employee owned vehicles	**331**	-
Total gross emissions in metric tonnes CO2	**37,667**	38,345
Intensity ratio – Emissions per tonne of uranium	**92**	70

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

Streamlined Energy and Carbon Reporting ("SECR") (continued)

The above data has been supplied to the company's lead ESOS (Energy Savings Opportunity Scheme) assessor. UK energy use covers production of nuclear fuel components and the methodology used is the European Union Emissions Trading System ("EUETS").

The intensity ratio has increased even though emissions have reduced, fuel turnover has reduced which has resulted in a disproportionate effect as it does not include any allowance for the increase turnover due to services. During the year we continued to look at reducing the site footprint and closed buildings which reduced infrastructure (i.e. reducing the steam main). Our mobile worker initiative has categorised employees into anchor, mobile and remote and this has enabled the company to be more efficient by reducing electricity consumption on site as employees have been working from home.

Going concern

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

The company has been profitable in the year and has increased its net asset position at 31 December 2022, strengthening the company's ability to continue to operate as a going concern. Trading has continued as expected in 2023 and a year end profit is forecast.

The company can receive funding from WEC Holdings through the LFM. The directors have assessed the financial position of WEC Holdings and are satisfied that WEC Holdings has sufficient financial resources to return cash to the business to allow it to settle its liabilities as they fall due. At 31 December 2022 the company had lent £29,400,000 (2021: £25,100,000) to WEC Holdings and this is repayable on demand. During the year to 31 December 2023 the company is expecting to increase its loan to WEC Holdings.

The completion of the sale of Westinghouse to Brookfield Renewable Partners' and Cameco Corporation that will occur during the going concern period will not impact Westinghouse's external borrowing facilities.

Continuous assessments have resulted in the directors having a reasonable expectation that the company has adequate resources to continue in operational existence for twelve months from the signing date, even in the event of any possible downside scenarios which may have an adverse impact on the performance of the company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Dividends

During the year the directors did not recommend a dividend to WEC Holdings (2021: £nil).

Share Capital

Details of movements in the company's share capital during the year are set out in note 22 to the financial statements.

Events after the balance sheet date

Events after the balance sheet date can be found in note 25.

Statement of disclosure of information to independent auditor

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 auditor 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 auditor 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.

Springfields Fuels Limited

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

Statement of disclosure of information to independent auditor (continued)

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

Approved by the board of directors on 27 September 2023 and signed on its behalf by:

R.J. Easterling

Richard Easterling

Director

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

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

Independent auditor's report to the members of Springfields Fuels Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Springfields Fuels Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's rcport thercon. Thc dircctors arc rcsponsiblc for thc othcr information contained within thc annual rcport. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditor's report to the members of Springfields Fuels Limited (continued)

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

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

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

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

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

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

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

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

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

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

- the company's main revenue stream is the manufacture and sale of Advanced Gas Reactor ("AGR") fuel assemblies for one major customer. We pinpointed the risk of fraud through material misstatement to the pricing arrangement within the contract which is complex and could be subject to management bias. In addressing this risk, we performed a detailed recalculation of a sample of transactions and also obtained independent confirmations from the customer.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)
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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Crawford.

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

27th September 2023

Springfields Fuels Limited

Profit and loss account
For the year ended 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Turnover	4	**154,466**	157,183
Cost of sales		**(102,889)**	(86,043)
Gross profit		**51,577**	71,140
Operating expenses		**(35,758)**	(53,460)
Exceptional items	6	**(265)**	(11,556)
Operating profit	5	**15,554**	6,124
Interest and similar income and expense	9	**(2,894)**	(4,055)
Profit before taxation		**12,660**	2,069
Tax on profit	10	**(2,609)**	(491)
Profit for the financial year		**10,051**	1,578

The above results were derived from continuing operations.

Springfields Fuels Limited

Statement of comprehensive income
For the year ended 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Profit for the financial year		**10,051**	1,578
Items that cannot be reclassified to profit or loss:			
Actuarial (loss) / gain recognised on defined benefit pension schemes	21	**(10,800)**	8,198
Movement on deferred tax relating to pension deficit	18	**2,700**	(2,050)
Other comprehensive (expense) / income for the period net of tax		**(8,100)**	6,148
Total comprehensive income for the year attributable to the owners of the company		**1,951**	7,726

Springfields Fuels Limited

Balance sheet
As at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Intangible assets	11	**9,593**	9,233
Tangible fixed assets	12	**80,940**	75,707
Investments	13	**3,775**	3,664
		94,308	88,604
Current assets			
Stocks	14	**30,917**	32,477
Debtors	15	**66,331**	63,907
Cash at bank and in hand		**2,925**	5,276
		100,173	101,660
Creditors: amounts falling due within one year	16	**(93,075)**	(85,415)
Net current assets		**7,098**	16,245
Total assets less current liabilities		**101,406**	104,849
Creditors: amounts falling due after more than one year			
Obligations under leases	17	**(10,195)**	(11,621)
Deferred tax liability	18	**(3,586)**	(3,108)
Provisions for liabilities	19	**(12,212)**	(16,669)
Net assets excluding pension asset		**75,413**	73,451
Pension asset	21	**24,852**	24,863
Net assets		**100,265**	98,314
Capital and reserves			
Called up share capital	22	**30,082**	30,082
Profit and loss account		**70,183**	68,232
Total shareholders' funds		**100,265**	98,314

The notes on pages 19 to 53 are an integral part of the financial statements.

The financial statements of Springfields Fuels Limited (registration number: 03857770) on pages 15 to 53 were approved by the board of directors and authorised for issue on 27 September 2023.

They were signed on its behalf by:

R.J. Easterling

Richard Easterling, Director

Springfields Fuels Limited

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

	Note	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021		30,082	60,506	90,588
Profit for the financial year		-	1,578	1,578
Other comprehensive (expense) / income:				
Actuarial gain on defined benefit pension scheme	21	-	8,198	8,198
Tax relating to components of other comprehensive income	10	-	(2,050)	(2,050)
Total comprehensive income for the year attributable to the owners of the company		-	7,726	7,726
At 31 December 2021		**30,082**	**68,232**	**98,314**
Profit for the financial year		-	**10,051**	**10,051**
Other comprehensive (expense) / income:				
Actuarial loss on defined benefit pension scheme	21	-	**(10,800)**	**(10,800)**
Tax relating to components of other comprehensive income	10	-	**2,700**	**2,700**
Total comprehensive income for the year attributable to the owners of the company		-	**1,951**	**1,951**
At 31 December 2022		30,082	**70,183**	**100,265**

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

1. General information

The company is a private company limited by share capital and is incorporated in the United Kingdom under the Companies Act 2006 and domiciled in England and Wales.

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 the Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and applicable accounting standards because the company is a member of a group where the parent of the group (Brookfield Corporation (formerly Brookfield Asset Management Inc.). incorporated in Canada) prepares publicly available consolidated financial statements in which the results of the company are consolidated (note 23).

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 all the years presented, unless otherwise stated.

Basis of accounting

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

New standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the company.

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions:

- The requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006;
- 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 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 balance sheet 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;

2. Accounting policies (continued)

Summary of disclosure exemptions (continued)

- 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 the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Transactions, related party transactions between members of the group have not been disclosed;
- the requirements of paragraphs 134 (d)-(f) and 135(c)-(e) of IAS 36 Impairment of Assets, the valuation techniques and assumptions used for assets held at fair value less cost to sell categorised as Level 2 and Level 3 in accordance with IFRS 13 fair value hierarchy have not been disclosed; and
- the requirements of paragraph 6 of IFRS 16 Leases to capitalise leases of low value assets.

Going concern

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

The company has been profitable in the year and has increased its net asset position at 31 December 2022, strengthening the company's ability to continue to operate as a going concern. Trading has continued as expected in 2023 and a year end profit is forecast.

The company can receive funding from WEC Holdings through the LFM. The directors have assessed the financial position of WEC Holdings and are satisfied that WEC Holdings has sufficient financial resources to return cash to the business to allow it to settle its liabilities as they fall due. At 31 December 2022 the company had lent £29,400,000 (2021: £25,100,000) to WEC Holdings and this is repayable on demand. During the year to 31 December 2023 the company is expecting to increase its loan to WEC Holdings.

The completion of the sale of Westinghouse to Brookfield Renewable Partners' and Cameco Corporation that will occur during the going concern period will not impact Westinghouse's external borrowing facilities.

Continuous assessments have resulted in the directors having a reasonable expectation that the company has adequate resources to continue in operational existence for twelve months from the signing date, even in the event of any possible downside scenarios which may have an adverse impact on the performance of the company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the business recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired business and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment. Company law requires goodwill to be written off over a finite period. Non-amortisation of goodwill, in accordance with International Financial Reporting Standards, is a departure from the requirements of company law for the overriding purpose of giving a true and fair view. If this departure from company law had not been made, the profit for the financial year would have been reduced by amortisation of goodwill. However, the amount of amortisation cannot reasonably be quantified other than by reference to an arbitrary assumed period for amortisation.

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

2. Accounting policies (continued)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives (environmental assets: 2 years). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (note 11).

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for diminution in value. Where economic facilities have been commissioned, the estimated cost of decommissioning the facilities is recognised, to the extent that it is recognised as a provision under International Accounting Standard (IAS) 37 Provisions, Contingent Liabilities and Contingent Assets, as part of the carrying value of the asset and depreciated over the useful life of the asset.

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Asset Class:	Depreciation rate:
Land and buildings	20 years
Decommissioning assets	2 - 20 years
Plant and machinery	2 - 10 years
Fixtures, fittings and vehicles	1 - 5 years

Assets under construction ("AUC") are not depreciated until they are brought into use.

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

Freehold land is not depreciated.

Stocks

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

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of assets transferred to the company less liabilities incurred by the company (note 11). Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively; and

2. Accounting policies (continued)

Business combinations (continued)

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (note 11 and 12).

Revenue recognition

The entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods

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

Rendering of services

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

Interest

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

Other revenue

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

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

2. Accounting policies (continued)

Leased assets

The company accounts for leases by applying IFRS 16. The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets (below $5,000).

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

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

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

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

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

The company as lessee

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

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

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

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

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

2. Accounting policies (continued)

Leased assets (continued)

The company as lessee (continued)

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

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

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

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

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

Defined benefits pension scheme

During the year the company participated in two sections of the Combined Nuclear Pension Plan; the Springfields 2 Section ("CNPP") and the Group Pension Scheme WEC/UAM section ("GPS"). All of the arrangements are group wide pension schemes. They have been used to provide benefits based on final pensionable pay to employees who commenced employment prior to 16 October 2006. The assets of the schemes are held separately from those of the company. All of the arrangements are group wide pension schemes. They have been used to provide benefits based on final pensionable pay to employees who commenced employment prior to 16 October 2006. The assets of the schemes are held separately from those of the company.

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

The assets and liabilities are sectionalised and hence they can be attributable to the individual employees. Costs and benefits in relation to these arrangements have, therefore, been accounted for under IAS 19 Employee Benefits.

Due to the change in contract on 1 April 2010 the Springfields 2 section of the pension scheme has changed. There is now a closed section of the Springfields pension scheme which is funded by the NDA and recognised in their financial statements. The section was included in the balance sheet of the company at 31 March 2010, with a corresponding liability due to the NDA; these amounts were de-recognised on 1 April 2010. A new section for Springfields funded by the company has been established and this section represents the service from that date.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains are measured when all parties whose consent is required are irrevocably committed to the transaction.

2. Accounting policies (continued)

Defined benefits pension scheme (continued)

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 period. The expected return on plan assets is based on an assessment made at the beginning of the period 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 period.

The difference between the expected return on plan assets and the interest costs is recognised in the profit and loss account.

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

The defined benefit pension asset or liability in the balance sheet comprises the total 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 mid-market 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.

Employees who commenced employment after 16 October 2006 are only eligible to join the defined contribution section, and these are accounted for on a defined contribution basis.

Current and deferred tax

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

The current tax 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. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

2. Accounting policies (continued)

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

Nuclear and decommissioning provisions

The financial statements include provisions for the company's obligations in respect of nuclear liabilities, being the costs associated with the nuclear decommissioning of production assets and also processing and disposing of residues. These provisions are based on the latest available technical assessments of the processes and methods likely to be used in the future and represent best estimates of the amount required to discharge the relevant obligations. The company's obligations are reviewed on a continual basis and provisions are updated accordingly. Where some or all of the expenditure required to settle a provision is expected to be recovered from another party, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the recoverable amount is treated as an asset. Amounts relating to decommissioning are included in provisions (note 19).

Nuclear provisions are stated in the balance sheet at current price levels, discounted at an appropriate real rate of return to take account of the timing of payments. Each period in interest payable and similar charges in the profit and loss account, the movement in discounting is recognised, which reflects the need to remove one year's discounting from provisions made in prior years and the restatement of these provisions to current price levels. Changes in estimate are accounted for in the year in which they arise. Discounting is only provided for when material.

Restructuring provisions

The financial statements include provisions for the company's obligations in respect of restructuring, being the costs associated with employees leaving the company. These amounts represent best estimates of the amount required to discharge the relevant obligations.

Operating profit

Operating profit is stated after charging restructuring costs but before interest and similar income and expense.

Impairment of non-financial assets

Non-financial assets that are not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

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 ("FVTPL"). 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.

2. Accounting policies (continued)

Investments and other financial assets (continued)

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

Classification of financial assets

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

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

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

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

By default, all other financial assets are subsequently measured at FVTPL.

Despite the a 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 investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at FVTOCI are classified as financial assets at FVTPL. 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 FVTOCI 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 FVTOCI. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

2. Accounting policies (continued)

Investments and other financial assets (continued)

Impairment of financial assets (continued)

The company has historically had no bad debts for intercompany balances except for the Chapter 11 filing. The historical loss information for intercompany balances within the group does not indicate any pattern to establish any loss ratio and any defaults are very rare and specific. In the absence of any established relationship between intercompany balances and default, it is reasonable to monitor the total balance of receivable on reporting dates and determine the amounts collected / not collected for impairment using forecast position. The entity's reasonable and supportable forecasts as of 31 December 2022 indicate that these balances are expected to be paid by other group undertakings.

For external trade debtors, the company has historically had no bad debts. In the absence of any historical loss / default, it is reasonable to monitor the total balance of receivables on reporting dates and determine the amounts collected / not collected for impairment using a forecast position. The entity's reasonable and supportable forecasts as of 31 December 2022 indicate that these balances are expected to be paid by external customers and the likelihood of default is expected to be £nil.

Derecognition of financial assets

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

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

Financial liabilities and equity

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

Equity instruments

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

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the profit and loss account on the purchase, sale, issue or cancellation of the company's own equity instruments.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

2. Accounting policies (continued)

Derivative financial instruments (continued)

Derecognition of financial liabilities

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

Derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign currency contracts. Further details of derivative financial instruments are disclosed in note 20.

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

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

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 below.

(i) 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 IAS 19 Employee Benefits. 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. The company is exposed to a number of risks relating to the Scheme, including assumptions not being borne out in practice. Some of the most significant risks are as follow, although the list is not exhaustive:

- Asset volatility: There is a risk that a fall in asset values is not matched by a corresponding reduction in the value placed on the Scheme's Defined Benefit Obligation ("DBO"). The Scheme holds a proportion of growth assets, which are expected to outperform corporate and government bond yields in the long-term, but gives exposure to volatility and risk in the short-term.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

(i) Defined benefit scheme (continued)

- Change in bond yields: A decrease in corporate bond yields will increase the value placed on the Scheme's DBO, although this will be partially offset by an increase in the value of the Scheme's corporate bond holdings.
- Inflation risk: The majority of the Scheme's DBO is linked to inflation, where higher inflation will lead to a higher value being placed on the DBO. Some of the Scheme's assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), meaning that an increase in inflation will generally increase the deficit.
- Life expectancy: An increase in life expectancy will lead to an increased value being placed on the Scheme's DBO. Future mortality rates cannot be predicted with certainty.

See note 21 for the disclosures relating to the defined benefit pension scheme.

4. Turnover

Disaggregation of Turnover

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

Analysis of the company's turnover by geographical location is as follows:

	31 December 2022	31 December 2021
	£ 000	£ 000
United Kingdom	**120,537**	134,865
Europe - EU	**18,794**	13,957
Japan and Far East	**8,829**	3,122
North and South America	**6,306**	5,239
	154,466	157,183

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

	31 December 2022	31 December 2021
	£ 000	£ 000
Oxide fuels	**108,277**	116,855
Residues	**37,221**	34,911
Transport	**531**	455
General overhead income	**8,437**	4,962
	154,466	157,183

4. Turnover (continued)

Disaggregation of Turnover (continued)

An analysis of the revenue disaggregated by business unit and timing of transfer:

	Oxide fuels £ 000	Residues £ 000	Transport £ 000	General overhead income £ 000	**Total £ 000**
Point in time	108,277	20,080	531	8,437	**137,325**
Overtime	-	17,141	-	-	**17,141**
Total	**108,277**	**37,221**	**531**	**8,437**	**154,466**

Contract balances

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

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

	31 December 2022 £ 000	31 December 2021 £ 000
At 1 January	**9,888**	8,394
Transferred to receivables	**(8,398)**	(7,260)
Revenue recognised for performance obligation satisfied during the year for which a receivable cannot be recognised until fulfilling other obligations	**8,074**	8,754
As at 31 December	**9,564**	9,888

The contract asset balances are mainly due to nuclear fuel and residues which will be transferred to receivables within one year from the balance sheet date (see note 15).

The following table presents significant changes in trade debtors during the year:

	31 December 2022 £ 000	31 December 2021 £ 000
At 1 January	**7,893**	15,268
Transferred from contract assets	**9,697**	8,713
Revenue recognised for performance obligation satisfied during the year for which a receivable cannot be recognised	**(3,714)**	(16,088)
As at 31 December	**13,876**	7,893

The trade debtors balance is mainly due to nuclear fuel which will be settled within one year of the balance sheet date (see note 15).

4. Turnover (continued)

Contract balances (continued)

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

	31 December 2022 £ 000	31 December 2021 £ 000
At 1 January	**49,962**	46,266
Revenue recognised that was included in the contract liability balance	**(7,407)**	(10,874)
Increases due to cash received, excluding amounts recognised as revenue during the year	**5,580**	14,570
As at 31 December	**48,135**	49,962

The contract liability balance is mainly related to residues for long-term contracts which will be settled as the performance obligations are satisfied (see note 16).

5. Operating profit

Operating profit has been arrived at after (crediting) / charging:

	31 December 2022 £ 000	31 December 2021 £ 000
Other income	**(167)**	(6)
Movement in work in progress	**(5,176)**	(2,810)
Raw materials and consumables recognised as an expense	**34,082**	37,736
Other external operating costs	**45,342**	31,482
Employee costs (note 8)	**52,536**	59,836
Research and development expenditure	**1,309**	2,416
Independent auditor's remuneration for the auditing of the financial statements	**132**	111
(Gain) / loss on disposal of assets	**(20)**	10
Depreciation for the period (note 12)	**8,497**	8,617
Amortisation for the period (note 11)	**2,112**	2,111
Exceptional items (note 6)	**265**	11,556

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

6. Exceptional items

Recognised in arriving at operating profit:

	31 December 2022 £ 000	31 December 2021 £ 000
Release of provision for doubtful recovery of receivables	**-**	(932)
Restructuring costs	**265**	12,488
	265	11,556

6. Exceptional items (continued)

Restructuring costs to reduce employees remuneration include severance costs of £265,000 (2021: £12,488,000). These items are taxable and effect the cash flow of the company.

7. Directors' remuneration

The cost of directors' services is borne by SFL except for Kirsty Armer who was paid by Westinghouse Electric Company UK Limited ("WEC UK"). Richard Easterling was paid by Westinghouse Electric Company LLC ("WEC LLC") until 31 May 2022 and by SFL from 1 June 2022 to 31 December 2022.

The directors' remuneration for the year was as follows:

	31 December 2022	31 December 2021
	£ 000	£ 000
Aggregate emoluments in respect of qualifying services	**419**	374
Compensation for loss of office	**-**	255
Company contributions to money purchase pension schemes	**34**	-
	453	629

In respect of the highest paid director:

	31 December 2022	31 December 2021
	£ 000	£ 000
Aggregate emoluments	**184**	157
Compensation for loss of office	**-**	255
Company contributions to money purchase pension schemes	**34**	-
Accrued pension fund at the end of the year	**-**	40

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

	31 December 2022	31 December 2021
	No.	No.
Number of directors accruing benefits under defined benefit schemes	**2**	4
Number of directors with contributions to money purchase pension schemes	**1**	-
	3	4

8. Employee costs

The company has 588 (2021: 674) employees.

WEC Holdings has 53 employees (2021: 64) who perform work on behalf of SFL.

SFL has 3 employees (2021:1) seconded from WEC LLC.

SFL has 1 employee (2021: 2) who performs work on behalf of WEC UK.

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

8. Employee costs (continued)

The aggregate remuneration for employees comprised:

	31 December 2022	31 December 2021
	£ 000	£ 000
Wages and salaries	**36,435**	40,098
Social security costs	**4,331**	4,518
Other pension costs	**11,770**	15,220
	52,536	59,836

Other pensions costs mainly include the cost of the company's two defined benefit pension schemes and three defined contribution pension schemes (note 21). The cost for the defined benefit schemes amounted to £8,921,000 for the year (2021: £12,053,000) and the defined contribution schemes amounted to £2,109,000 (2021: £1,897,000). The company has also been charged for the WEC Holdings employees' pension costs £271,000 (2021: £1,254,000).

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

	31 December 2022	31 December 2021
	No.	No.
Nuclear fuel	**604**	696
Support functions	**37**	40
	641	736

9. Interest and similar income and expense

Interest income and similar income:

	31 December 2022	31 December 2021
	£ 000	£ 000
Bank interest	**-**	271
Loan interest receivable from parent company	**851**	886
Interest income in respect of pension assets and liabilities (note 21)	**4,936**	3,561
	5,787	4,718

Interest payable and similar expense:

	31 December 2022	31 December 2021
	£ 000	£ 000
Bank charges	**(10)**	(11)
Letter of credit fees	**(2,335)**	(3,319)
Interest expense in respect of pension assets and liabilities (note 21)	**(4,274)**	(3,269)
Unrealised foreign exchange losses on unsettled balances	**(684)**	(555)
Finance charges payable under finance lease	**(1,132)**	(1,236)
Other finance charges	**(246)**	(383)
	(8,681)	(8,773)

9. Interest and similar income and expense (continued)

Net interest income and expense:

	31 December 2022 £ 000	31 December 2021 £ 000
Interest income and similar income	5,787	4,718
Interest payable and similar expense	(8,681)	(8,773)
	(2,894)	(4,055)

10. Tax on profit

Tax charged for the period in the profit and loss account:

	31 December 2022 £ 000	31 December 2021 £ 000
Current taxation		
UK corporation tax at 19%	126	-
Group relief receivable	(647)	(2,618)
Adjustment in respect of prior periods	(48)	-
Total current tax	(569)	(2,618)
Deferred tax		
Origination and reversal of timing differences	2,392	3,730
Adjustment in respect of prior periods	58	(49)
Effect of tax rate change adjustment in respect of prior periods	728	(572)
Total deferred tax	3,178	3,109
Tax on profit	2,609	491

Tax charge / (income) included in other comprehensive income:

	31 December 2022 £ 000	31 December 2021 £ 000
Deferred tax		
Origination and reversal of timing differences	(2,700)	2,050
Total tax (income) / charge included in other comprehensive income	(2,700)	2,050

The tax on result before taxation for the financial year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%).

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

10. Tax on profit (continued)

	31 December 2022 £ 000	31 December 2021 £ 000
Profit before taxation	**12,660**	2,069
Profit before taxation multiplied by the standard rate of tax in the UK of 19% (2020:19%)	**2,405**	393
Effects of:		
Remeasurement of deferred tax – change in UK tax rate	**727**	323
Adjustments to tax charge in respect of prior periods – deferred tax	**58**	(49)
Adjustments to tax charge in respect of prior periods – current tax	**(48)**	-
R&D expenditure tax credits	**-**	24
Income not deductible for tax purposes	**(447)**	(124)
Expenses not deductible for tax purposes	**49**	7
FRS101 adjustment	**89**	-
Fixed asset differences	**(224)**	(83)
Tax charge	**2,609**	491

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 2020.

Factors that may affect future tax charges

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

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

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

11. Intangible assets

	Goodwill £ 000	Environmental assets £ 000	Total £ 000
Cost or valuation			
At 1 January 2022	7,954	4,223	12,177
Additions	-	2,472	**2,472**
Write-off	(833)	-	**(833)**
At 31 December 2022	**7,121**	**6,695**	**13,816**
Accumulated amortisation			
At 1 January 2022	833	2,111	2,944
Charge for the year	-	2,112	**2,112**
Write-off	(833)	-	**(833)**
At 31 December 2022	**-**	**4,223**	**4,223**
Carrying amount	**7,121**	**2,472**	**9,593**
At 31 December 2021	7,121	2,112	9,233
At 31 December 2022	**7,121**	**2,472**	**9,593**

Environmental assets relate to the EUETS regulations, 30,000 units were purchased in 2022 and will be amortised in 2023.

Goodwill relates to the purchase from Paul Fabrications Limited of the nuclear component manufacturing section on the 24 June 2020. The goodwill against the transport segment fully impaired in prior years, has been written off.

The company tests goodwill annually or more frequently if there are indications that goodwill might be impaired. The company values goodwill at the recoverable amount, being the higher of the value in use basis and the fair value less costs to sell basis. Based on impairment testing completed, no impairment was identified in respect of the goodwill carrying value.

Springfields Fuels Limited

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

12. Tangible fixed assets

	Land and buildings £ 000	Right-of-use assets - vehicles £ 000	Plant and machinery £ 000	Fixtures, fittings and vehicles £ 000	Assets under construction £ 000	Decommissioning assets £ 000	Total £ 000
Cost or valuation							
At 1 January 2022	15,846	172	70,799	9,149	27,871	4,907	**128,744**
Additions	10	114	-	134	13,466	175	**13,899**
Transfers	1,381	-	7,804	1,038	(10,223)	-	**-**
Reclassification	(1,091)	-	(2,672)	-	3,763	-	**-**
Disposals	-	(64)	(145)	-	-	(975)	**(1,184)**
At 31 December 2022	**16,146**	**222**	**75,786**	**10,321**	**34,877**	**4,107**	**141,459**
Accumulated depreciation							
At 1 January 2022	3,386	86	38,785	7,516	-	3,264	**53,037**
Charges for the year	580	80	6,571	943	-	323	**8,497**
Disposals	-	(52)	(122)	134	-	(975)	**(1,015)**
At 31 December 2022	**3,966**	**114**	**45,234**	**8,593**	**-**	**2,612**	**60,519**
Carrying amount							
At 31 December 2021	12,460	86	32,014	1,633	27,871	1,643	75,707
At 31 December 2022	**12,180**	**108**	**30,552**	**1,728**	**34,877**	**1,495**	**80,940**

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

12. Tangible fixed assets (continued)

The site lease is included within land and buildings above, depreciation of £1,719,000 (2021 : £1,584,000), and net book value of £7,982,000 (2021: £8,117,000). Land and buildings also includes the premises lease for Precision Fabrications which has depreciation of £233,000 (2021: £138,000) and net book value of £254,000 (2021: £339,000) (note 17).

At 31 December 2021 SFL had a nitrogen plant with a cost of £4,763,000 and a lease incentive of £3,763,000 provided by the NDA. Only the £1,000,000 of costs were recognized in AUC at the time. At 31 December 2022 the nitrogen plant cost was £5,476,000 and the lease incentive £4,476,00. The nitrogen plant was capitalised during the year with £1,588,000 of cost and £1,298,000 of lease incentive transferring to land and buildings and £3,888,000 of cost and £3,178,000 transferring to plant and machinery.

13. Investments

	31 December 2022	31 December 2021
	£ 000	£ 000
Loans to related parties	**3,625**	3,514
Other investments	**150**	150
	3,775	3,664

Loans to related parties due after one year of £3,625,000 (2021: £3,514,000) from Springfields Segregated Assets Limited ("SSAL") are for future decommissioning costs. There is no interest due on the outstanding amount.

Other investments are monies on deposit with the bank to collateralise SFL's HMRC duty deferment account.

14. Stocks

	31 December 2022	31 December 2021
	£ 000	£ 000
Raw materials and consumables	**11,116**	20,592
Work in progress	**9,972**	4,796
Finished goods	**9,829**	7,089
	30,917	32,477

Stock is stated after provision for impairment of £1,967,000 (31 December 2021: £1,974,000).

15. Debtors

	31 December 2022	31 December 2021
	£ 000	£ 000
Debtors: amounts falling due within one year:		
Trade debtors (note 4)	**13,865**	7,893
Amounts due from group undertakings	**40,931**	42,744
Contract assets (note 4)	**9,564**	**9,888**
Derivative financial instruments (note 20)	**1**	17
Prepayments and other debtors	**1,970**	3,365
	66,331	63,907

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

15. Debtors (continued)

The amounts due from group undertakings within one year include Uranium Asset Management Limited ("UAM") £3,289,000 (2021: £2,600,000) and Brookfield WEC EMEA Holdings Ltd ("BWEH") £6,000 (2021: £nil), mainly for group tax relief which is payable on demand, £3,775.000 (2021: £12,426,000) from Westinghouse Electric Sweden AB ("WEC Sweden") for sales, £1,655,000 (2021: £92,000) from WEC LLC, £1,977,000 (2021: £2,139,000) from SSAL, £155,000 (2021: £118,000) from WEC Holdings, £363,000 (2021: £142,000) from WEC UK, £37,000 (2021 : £7,000) from Westinghouse Belgium S.A "(WEC Belgium"), £12,000 (2021 : £nil) from Westinghouse Electrique France S.A.S ("WEC France"), and £75,000 (2021: £nil) from Westinghouse Electric Poland LLC ("WEC Poland") for recharges. The recharges are paid according to standard trading terms. There is no interest due on outstanding amounts.

The amounts due from group undertakings within one year also includes an LFM loan receivable from WEC Holdings, principle £29,400,000 (2021: £25,100,000) and accrued interest of £187,000 (2021: £120,000). Interest on the loan is charged at a rate of 3 months LIBOR plus 225 basis points. The loans are repayable on demand.

16. Creditors

	31 December 2022 £ 000	31 December 2021 £ 000
Creditors: amounts falling due within one year		
Trade creditors	**13,150**	12,865
Amounts owed to group undertakings	**12,806**	8,594
Other taxes and social security costs	**672**	1,987
Accruals	**16,792**	10,708
Derivative financial instruments (note 20)	**8**	-
Obligations under lease liabilities (note 17)	**1,512**	1,299
Contract liabilities (note 4)	**48,135**	49,962
	93,075	85,415
Creditors: amounts falling due after more than one year		
Obligations under lease liabilities (note 17)	**10,195**	11,621
Deferred tax liability (note 18)	**3,586**	3,108
Provisions for liabilities (note 19)	**12,212**	16,669
	119,068	116,813

Amounts owed to group undertakings include recharges from WEC LLC £2,907,000 (2021: £1,733,000), WEC Holdings £7,109,000 (2021: £6,343,000), WEC UK £1,592,000 (2021: £296,000), SSAL £24,000 (2021: £23,000), WEC France £22,000 (2021: £9,000), WEC Japan £82,000 (2021: £86,000), WEC Sweden £96,000 (2021: £12,000), WEC Poland £791,000 (2021: £73,000), Westinghouse Technical Services SA £45,000 (2021: £nil), Westinghouse Electric Spain, S.A.U. £6,000 (2021: £nil), Westinghouse Electric Company (China) Co. LTD £103,000 (2021: £nil), Stone & Webster LLC £9,000 (2021: £nil), Inspection Consultants Limited £2,000 (2021: £nil), WEC Belgium £nil (2021: £1,000) and Westinghouse Industry Products International Company Inc. £18,000 (2021: £18,000). These recharges are payable on demand and do not incur interest in line with normal trade.

Contract liabilities includes amounts received from customers for which revenue cannot yet be recognised as the performance obligations have not been completed.

17. Lease liabilities

Analysis of lease liabilities:

	31 December 2022	31 December 2021
	£ 000	£ 000
Amounts due for settlement:		
Between one and five years	**2,032**	4,697
After five years	**8,163**	6,924
	10,195	11,621
On demand or within one year	**1,512**	1,299
Present value of lease obligations	**11,707**	12,920

The site lease term is 150 years. For the year ended 31 December 2022, the average effective borrowing rate was 8.9 percent (2021: 8.9 percent). Interest rates are fixed at the contract date.

The remaining lease term for the premises for Precision Fabrications is for two years and six months, and the corresponding liability is £242,000 (2021: £342,000). The borrowing rate is 3.75 percent.

The company leases several assets (vehicles), excluding the site leases, the average lease term is one years and ten months. These assets have a corresponding liability of £113,000 (2021: £90,000). The liability was calculated using the company's incremental borrowing rate, as at 1 January 2019, or at the commencement date for the lease if agreed after 1 January 2019.

18. Deferred tax liability

	31 December 2022	31 December 2021
	£ 000	£ 000
Deferred tax asset / (liability) due within 12 months	**89**	(2)
Total asset / (liability) due within 12 months	**89**	(2)
Deferred tax liability due after 12 months	**(10,038)**	(7,523)
Deferred tax asset due after 12 months	**6,363**	4,417
Total liability due after 12 months	**(3,675)**	(3,106)
Total liability	**(3,586)**	(3,108)

18. Deferred tax liability (continued)

Deferred tax liability:

	Provisions £ 000	Pension £ 000	Derivatives £ 000	Accelerated capital allowance £ 000	Tax losses £ 000	Total provision £ 000
At 31 December 2021	1,363	(6,216)	289	(1,307)	2,763	(3,108)
Charged to the profit and loss account	**1,308**	**(2,697)**	**(89)**	**(2,519)**	**819**	**(3,178)**
Credited directly to OCI	-	**2,700**	-	-	-	**2,700**
At 31 December 2022	**2,671**	**(6,213)**	**200**	**(3,826)**	**3,582**	**(3,586)**

The directors have recognised a deferred tax liability of £3,586,000 (2021: liability of £3,108,000) that is considered to be able to be offset against the company's taxable profits expected to arise in the future accounting years. Management have based their assessment on the latest budget approved by the board which reflects the trading performance discussed in the Strategic Report on pages 2 to 6. Deferred tax at 31 December 2022 has been calculated based on the rate of 25% being the rate substantively enacted at the balance sheet date.

19. Provisions for liabilities

	Nuclear provision £ 000	Decommissioning provision £ 000	Restructuring provision £ 000	Total provision £ 000
At 1 January 2022				
Current	1,881	1,033	6,664	9,578
Non-current	2,845	4,246	-	7,091
Total provision	4,726	5,279	6,664	16,669
Additional provisions in the year	**5,315**	**175**	**294**	**5,784**
Unwinding of discount on provision and discount changes	**60**	**97**	-	**157**
Provisions utilised during the year	**(1,344)**	**(2,096)**	**(6,958)**	**(10,398)**
At 31 December 2022	**8,757**	**3,455**	-	**12,212**
Current	**3,040**	-	-	**3,040**
Non-current	**5,717**	**3,455**	-	**9,172**
	8,757	**3,455**	-	**12,212**

Nuclear Provision

Under the terms of the contract with the NDA, the NDA is responsible for decommissioning the facilities on site as at 31 March 2010. The environmental liabilities existing at 31 March 2010 also remain the responsibility of the NDA. However, the company is responsible for incremental decommissioning and environmental costs incurred post 1 April 2010. Production within the year has generated some by-products (residues) which were not processed through the site's residues plants within the year. Since the production in question generated sales revenue in the year, the cost of processing these by-products in the following years has been provided for.

19. Provisions for liabilities (continued)

Decommissioning provision

Under the lease arrangements for the occupation of the site agreed by the NDA, the company has created a provision to cover the increasing costs of decommissioning of any new buildings or increase to the liabilities on the site after 1 April 2010. The cash to cover the obligation is transferred to SSAL and held as an intercompany receivable, as per the terms of the Segregated Fund Deed between SSAL, NDA and the company.

Under the terms of the agreement with SSAL and the NDA, the cash to cover the obligation is calculated at current prices as though the decommissioning was to be performed immediately and increased each year by reference to the Retail Price Index.

The provision is discounted and will unwind until 2040 which is the current expected site decommissioning date.

Restructuring provision

The restructuring provision which commenced during 2020 relates to voluntary redundancy terms that were offered to employees in August 2020.

Discounting

The provisions for short (to 5 years) to medium (6 -10 years) term have been subjected to discounting based upon Her Majesty's Treasury ("HMT") Public Expenditure System discount rates, which apply to nuclear provisions such as those held by the NDA. The rates are dictated by HMT each year. The provisions for long-term have been derived by using the 20 year gilt estimate and adjusting for long-term inflation. The real discount rates applied at 31 December 2022 to determine the net present value of provisions are:

	Years	Real Rate
Short-term rate	0-5	(3.31)%
Medium-term rate	6-10	1.14 %
Long-term rate	>10	1.55 %

20. Financial instruments

The derivative financial instrument net liability of £7,000 (2021: asset of £17,000) is owed to BWHI from SFL for the mark to market fair value of forward foreign currency contracts, maturing in January and February 2023. They carry no interest. The company has a master netting agreement (ISDA agreement) with BWHI, to enable back to back agreements to be put in place when BWHI enters into forward foreign exchange contracts with external banks.

21. Pension asset

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

Defined contribution pension schemes

The company has three defined contribution schemes as follows:

21. Pension asset (continued)

Defined contribution pension schemes (continued)

	31 December 2022 £ 000	31 December 2021 £ 000
Westinghouse Electric UK DC Plan: SFL2 Section		
Cost for the period	**2,036**	1,825
Westinghouse Electric UK DC Plan: GPS SFL Section		
Cost for the period	**45**	57
Paul Fabrications Group Personal Pension Scheme		
Cost for the period	**28**	30

Defined benefit schemes

The company operates a defined benefit pension scheme for its employees in the UK, with two active sections. The pension schemes are monitored independently by trustees elected by the members of the pension schemes.

The pension asset recognised in the balance sheet as at 31 December 2022 of £24,852,000 (31 December 2021: £24,863,000) comprises two schemes. The Westinghouse Electric UK Pension Plan SFL2 Section ("WEUKPP SFL2") with a net asset of £24,934,000 (31 December 2021: £24,674,000) and the Westinghouse Electric UK Pension Plan GPS SFL Section ("WEUKPP GPS SFL") with a net liability of £82,000 (31 December 2021: £189,000).

WEUKPP

During the year the company participated in the Springfields 2 and GPS section of the Combined Nuclear Pension Plan until 30 June 2022. From 1 July 2022 benefits were transferred and the company participated in new pension arrangements with the WECUKPP SFL2 Section and the WEUKPP GPS SFL Section, both of which are defined benefit pension schemes that require contributions to be made to separately administered funds.

A full actuarial valuation of the sections was carried out at 31 December 2022 by a qualified independent actuary. Following this valuation, the company's ordinary contribution rate for SFL2 reduced with effect from August 2023, from 53.7% of pensionable salaries to 26% representing regular contributions. For the GPS SFL section the company's ordinary contribution rate reduced with effect from August 2023, from 47% of pensionable salaries to 28% representing regular contributions.

In addition, to eliminate the WEUKPP SFL2 Section funding shortfall, the company will make a one-off contribution of £725,000 in January 2023.

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

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

21. Pension asset (continued)

WEUKPP SFL2

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

The amounts recognised in the balance sheet are as follows:

	31 December 2022 £ 000	31 December 2021 £ 000
Equity instruments	**34,229**	45,668
Debt instruments	**84,829**	152,063
Real estate	**4,416**	22,711
Cash and cash equivalents	**14,355**	3,703
Other	**10,159**	22,711
Fair value of scheme assets	**147,988**	246,856
Present value of scheme liabilities	**(123,054)**	(222,182)
Defined pension scheme surplus	**24,934**	24,674

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

All scheme assets have a quoted value in an active market, apart from £925,000 contained within other which do not.

Amounts recognised in the profit and loss account

	31 December 2022 £ 000	31 December 2021 £ 000
Amounts recognised in operating profit		
Current service cost	**8,873**	10,634
Past service cost – plan amendments / curtailments	**-**	1,340
Recognised in arriving at operating profit	**8,873**	11,974
Amounts recognised in finance income or costs		
Interest income on pension scheme assets	**(4,865)**	(3,506)
Interest expense on defined benefit obligations	**4,206**	3,216
Net interest income	**(659)**	(290)
Defined benefit cost recognised in the profit and loss account	**8,214**	11,684

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

21. Pension asset (continued)

WEUKPP SFL2 (continued)

Amounts taken to the statement of comprehensive income

	31 December 2022 £ 000	31 December 2021 £ 000
Effects of changes due to experience	**(1,825)**	(69)
Effects of changes due to demographic assumptions	**(10,248)**	(487)
Effects of changes in financial assumptions	**(96,353)**	2,814
Return on plan assets less than / (greater than) discount rate	**118,982**	(10,350)
Total loss / (gain) recognised in the statement of comprehensive income	**10,556**	(8,092)
Total defined benefit cost recognised in the profit and loss and statement of comprehensive income	**18,770**	3,592

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the DBO at the balance sheet date are as follows:

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

Post retirement mortality assumptions

	31 December 2022 Years	31 December 2021 Years
Assumed life expectations on retirement at age 65:		
Current UK pensioners at retirement age (male / female)	**20.8 / 24.0**	21.2 / 23.5
Retiring in 15 years UK pensioners at retirement age (male / female)	**21.6 / 25.1**	22.5 / 25.0

Sensitivity analysis

The following table shows a sensitivity analysis of the significant actuarial assumptions as at 31 December 2022:

	Sensitivity analysis	Effect on DBO
Discount rate	0.1% increase	(1.57)%
Discount rate	0.1% decrease	1.61%
Retail Price Index inflation	0.1% increase	1.56%
Retail Price Index inflation	0.1% decrease	(1.52)%
Mortality	Increase of 1 year in expected lifetime of plan participants	2.92%

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

21. Pension asset (continued)

WEUKPP SFL2 (continued)

Scheme liabilities

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

	31 December 2022 £ 000	31 December 2021 £ 000
Present value at start of the year	**222,182**	208,116
Current service cost	**8,873**	10,634
Past service cost / (income) – plan amendments / curtailments	**-**	1,340
Actuarial (gain) / loss	**(108,426)**	2,258
Interest expense	**4,206**	3,216
Benefits paid from plan assets	**(4,358)**	(4,458)
Participants' contribution	**577**	1,076
Present value at end of the year	**123,054**	222,182

Curtailments in 2021 are a consequence of employees who left the company through the severance program.

Scheme assets

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

	31 December 2022 £ 000	31 December 2021 £ 000
Fair value at start of the year	**246,856**	215,953
Interest income	**4,865**	3,506
Return on plan assets and interest income (recognised in other comprehensive income)	**(118,982)**	10,350
Employer contributions	**19,030**	20,429
Benefits paid from plan assets	**(4,358)**	(4,458)
Participants' contribution	**577**	1,076
Fair value at end of the year	**147,988**	246,856

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

21. Pension asset (continued)

WEUKPP SFL2 (continued)

Analysis of obligation

DBO by status:

	31 December 2022 £ 000	31 December 2021 £ 000
Actives	**56,825**	112,713
Vested deferred	**22,435**	83,724
Retirees	**43,794**	25,745
	123,054	222,182

Actual return on scheme's assets

	31 December 2022 £ 000	31 December 2021 £ 000
Return on plan assets (less) / greater that discount rate and interest income	**(114,117)**	13,856

	31 December 2022 £ 000	31 December 2021 £ 000
Benefit obligation at end of the year	**123,054**	222,182
Fair value of plan assets at end of the year	**(147,988)**	(246,856)
Funded status	**(24,934)**	(24,674)
Experience adjustments arising on scheme assets	**118,982**	(10,350)
Experience loss on scheme liabilities	**(108,426)**	2,258
Total actuarial loss / (gain)	**10,556**	(8,092)

The expected employer contributions for the next financial year are £19,446,000 and the weighted average duration of the defined benefit obligation is sixteen years.

WEUKPP GPS SFL

During the year the company participated in the Group Pension Scheme SFL section of the CNPP until 30 June 2022. From 1 July 2022 benefits were transferred and the company participated in new pension arrangements with the WEUKPP GPS SFL Section, both of which are defined benefit pension schemes that require contributions to be made to separately administered funds.

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

21. Pension asset (continued)

WEUKPP GPS SFL (continued)

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

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

The amounts recognised in the balance sheet are as follows:

	31 December 2022	31 December 2021
	£ 000	£ 000
Equity instruments	**460**	654
Debt instruments	**1,091**	2,431
Real estate	**63**	327
Cash and cash equivalents	**226**	19
Other	**145**	327
Fair value of scheme assets	**1,985**	3,758
Present value of scheme liabilities	**(2,067)**	(3,569)
Defined pension scheme (deficit) / surplus recognised in the balance sheet	**(82)**	189

All scheme assets have a quoted value in an active market, apart from £13,000 contained within other.

Amounts recognised in the profit and loss account

	31 December 2022	31 December 2021
	£ 000	£ 000
Amounts recognised in operating profit		
Current service cost	**48**	57
Past service cost – curtailments / plan amendments	**-**	22
Recognised in arriving at operating profit	**48**	79
Amounts recognised in finance income or costs		
Interest income on pension scheme assets	**(71)**	(55)
Interest expense on defined benefit obligations	**68**	53
Net interest income	**(3)**	(2)
Defined benefit cost recognised in the profit and loss account	**45**	77

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

21. Pension asset (continued)

WEUKPP GPS SFL (continued)

Amounts taken to the statement of comprehensive income

	31 December 2022 £ 000	31 December 2021 £ 000
Effects of changes in demographic assumptions and experience	**(63)**	(8)
Effects of changes in financial assumptions	**(1,534)**	59
Return on plan assets, excluding amounts included in interest expense	**1,841**	(157)
Return on plan assets less than / (greater than) discount rate	**244**	(106)
Total loss / (gain) recognised in the statement of comprehensive income	**289**	(29)

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the DBO at the balance sheet date are as follows:

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

Post retirement mortality assumptions

	31 December 2022 Year	31 December 2021 Year
Assumed life expectations on retirement at age 65:		
Current UK pensioners at retirement age (male / female)	**20.8 / 24.0**	21.2 / 23.5
Retiring in 15 years UK pensioners at retirement age (male / female)	**21.6 / 25.1**	22.5 / 25.0

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

21. Pension asset (continued)

WEUKPP GPS SFL (continued)

Sensitivity analysis

The following table shows a sensitivity analysis of the significant actuarial assumptions as at 31 December 2022:

	Sensitivity analysis	Effect on DBO
Discount rate	0.1% increase	-1.55%
Discount rate	0.1% decrease	+1.55%
Retail Price Index inflation	0.1% increase	+1.45%
Retail Price Index inflation	0.1% decrease	-1.50%
Mortality	Increase of 1 year in expected lifetime of plan participants	+2.95%

Scheme liabilities

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

	31 December 2022 £ 000	31 December 2021 £ 000
Present value at start of the year	3,569	3,404
Current service cost	48	57
Past service cost – curtailments	-	22
Effects of changes in demographic assumptions and experience	(63)	(8)
Effect of changes in financial assumptions	(1,534)	59
Interest expense	68	53
Participants' contribution	2	4
Benefits paid from plan asset	(23)	(22)
Present value at end of the year	2,067	3,569

Scheme assets

	31 December 2022 £ 000	31 December 2021 £ 000
Fair value at start of the year	3,758	3,515
Interest income	71	55
Return on plan assets, excluding amounts included in income	(1,841)	157
Employer contributions	18	49
Participant's contributions	2	4
Benefit paid	(23)	(22)
Fair value at end of the year	1,985	3,758

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

21. Pension asset (continued)

WEUKPP GPS SFL (continued)

Analysis of obligation

	31 December 2022 £ 000	31 December 2021 £ 000
Defined benefit obligation by status:		
Actives	500	1,024
Vested deferred	729	1,677
Retirees	838	868
	2,067	3,569

Actual return on plan assets

	31 December 2022 £ 000	31 December 2021 £ 000
Return on plan assets greater / (less) that discount rate and interest income	(1,770)	212

	31 December 2022 £ 000	31 December 2021 £ 000
Benefit obligation at end of the year	2,067	3,569
Fair value of plan assets at end of the year	(1,985)	(3,758)
Funded status	82	(189)
Experience adjustments arising on scheme assets	1,841	(157)
Experience loss on scheme liabilities	(1,597)	51
Total actuarial gain	244	(106)

The expected cash flow for employer contributions for the next twelve months is £20,000. The weighted average duration of defined benefit obligation is sixteen years.

22. Called up share capital

Authorised shares:

	£ 000	No.
At 1 January 2022	30,082	30,081,413
At 31 December 2022	**30,082**	**30,081,413**

Allotted, called up and fully paid shares:

	£ 000	No.
At 1 January 2022	30,082	30,081,413
At 31 December 2022	**30,082**	**30,081,413**

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

22. Called up share capital (continued)

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

During the year the directors did not recommend a dividend to WEC Holdings (2021: £nil).

23. Controlling party

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

On 12 December 2022 Brookfield Asset Management Inc. changed its name to Brookfield Corporation.

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

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

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

24. Contingent liabilities and capital commitments

The company has contingent liabilities and has issued guarantees under the Companies Act 2006 Section 394CA or 479A.

At 31 December 2022 the company had £5,407,000 (2021: £1,710,000) capital commitments for work not carried out at the year end date. Capital commitments all relate to plant and equipment.

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

25. Post balance sheet events

As of 25 August 2023, the WEUKPP SFL2 section became de-sectionalised as a single section plan. Pension benefits are unaffected by this change and a revised combined Statement of Funding Principles and combined Recovery Plan have been put in place, superseding those signed as part of the valuation process. The WEUKPP SFL2 section received guarantees from WEC LLC for each section which have been replaced with a single guarantee for the whole plan.

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

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