Registered number: 02458109

Westinghouse Electric UK Holdings Limited

Annual report and financial statements

for the period ended 31 December 2018

Westinghouse Electric UK Holdings Limited

Contents

Westinghouse Electric UK Holdings Limited

Company information

Directors	Mark Weinberg Denis Turcotte Mark Blinn Ron Bloom William Transier Robert Card Patrick Fragman Richard Legault
Company secretaries	Fiona A Houghton Michael T Sweeney
Registered office	Springfields Salwick Preston Lancashire PR4 0XJ United Kingdom
Independent auditors	Deloitte LLP 2 Hardman Street Manchester M3 3HF
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

Strategic report
For the period ended 31 December 2018

The directors present their Strategic report for the financial period ended 31 December 2018.

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 continues to act as the main holding company for Westinghouse Group's International entities, excluding the United States entities, as well as being the employing entity for some United Kingdom based employees.

Until 31 July 2018, the ultimate parent company of Westinghouse Electric UK Holdings Limited (WEC Holdings) was Toshiba Corporation. WEC Holdings was a subsidiary undertaking of BCP Nuclear Energy Holdings (UK) Limited (BCP NEH) (formerly Toshiba Nuclear Energy Holdings (UK) Limited (TNEH UK)).

On 1 August 2018, Toshiba Corporation completed its sale of Westinghouse Electric Company LLC (WEC LLC), including BCP NEH (formerly TNEH UK), to Brookfield Business Partners LP. As part of the process to exit Chapter 11 and to facilitate the sale a restructuring plan was executed. The ultimate parent company is Brookfield Asset Management Inc.

The restructuring plan with respect to WEC Holdings consisted primarily of the debt to equity conversion of investment loans from BCP NEH (formerly TNEH UK), the cancellation of the company's claim against WEC LLC for the cash pool default and the restructuring of investments, loans and intercompany balances with its subsidiary companies and WEC LLC. The restructure resulted in a capital contribution of £254,346,000.

The company now operates and has funding available through the Asset Based Lending (ABL) facility and can lend onwards through the Liquidity Funding Mechanism (LFM).

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

	31 December 2018 £ 000	31 March 2018 £ 000	% Change (decrease) /increase
Operating loss	(107,941)	(26,454)	(308)%
Loss for the financial period	(118,083)	(17,089)	(590.9)%
Investments	196,593	195,879	0.4%
Total shareholders' funds	178,368	69,002	158.5%
Current assets to current liabilities ratio	0.79:1	0.38:1	109.7%

An operating loss of £107,941,000 occurred in the period compared to a prior period operating loss of £26,454,000, mainly due to:

- the company's review of its investment portfolio which resulted in the impairment of three investments totalling £105,003,000 (2017/18: £8,104,000);
- doubtful debt provisions have been recognised in regards to receivables from group undertakings of £nil (2017/18: £6,383,000) due to uncertainty regarding their recovery;
- gain due to restructuring plan £7,829,000 (2017/18: £nil); and
- restructuring costs of £9,119,000 (2017/18: £9,055,000) (note 4).

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

The value of investments increased in the period to £196,593,000 (2017/18 £195,879,000) due to:

- Additional investments made in the following companies: Uranium Asset Management Limited £2,568,000, Springfields Fuels Limited £8,815,000, Westinghouse Electrique France S.A.S £83,700,000, Westinghouse Electric South Africa (Pty) Limited £7,278,000, Westinghouse Electric Canada Inc £8,000 and Westinghouse Electric Belgium S.A. £3,348,000 (note 10); and

- Impairments recorded on the following investments: Westinghouse Electrique France S.A.S £88,480,000, Westinghouse Electric South Africa (Pty) Limited £7,278,000, Westinghouse Electric Belgium S.A. £9,245,000 (note 10).

Total shareholders' funds increased in the period to £178,368,000 (2017/18 £69,002) mainly due to:

- Capital contribution as a result of the restructuring plan £254,346,000 (2017/18: £nil);
- Loss recorded in the period of £118,083,000 (2017/18: loss £17,089,000); and
- Dividend expense £26,511,000 (2017/18: £nil).

Results and dividends

The loss for the financial period amounted to £118,083,000 (2017/18: loss of £17,089,000). On 14 December 2018, the board approved an interim dividend in the range of $25,000,000 to $40,000,000 and on the 28 December 2018, a dividend payment of $34,000,000 (£26,511,000) was made (2017/18: £nil). The directors do not recommend the payment of a dividend after the period end.

Principal risks and uncertainties

The company holds investments in various companies around the world (note 10). The carrying values of those investments are shown at cost less impairment. The carrying value of investments is reviewed for impairment in periods if events or changes in circumstances indicate that a provision for impairment is required.

As at 31 December 2018 there were no outstanding foreign currency contracts (2017/18: nil).

The company has foreign currency loans and bank balances as at 31 December 2018 and as such is subject to foreign currency risk.

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

The company has assessed the implications of the UK leaving the European Union (EU) which is planned for 31 January 2020. The main risks to the company are the impact on its UK subsidiaries and therefore the impact on the recoverability of the investments held in WEC Holdings. The risk is deemed low as there is headroom in the carrying value of the investments. At the date of signing, the terms of leaving the EU have not been decided nor agreed, however the company will continue to monitor the situation.

Future developments

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

Approved by the Board of Directors on 5th November 2019 and signed on its behalf by:

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Director

PATRICK FRAGMAN

Westinghouse Electric UK Holdings Limited

Directors' report
For the period ended 31 December 2018

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditors' report, for the period ended 31 December 2018. The financial period end of the company was changed from 31 March to 31 December so as to be coterminous with the period end of its ultimate holding company. Accordingly, the current financial statements are prepared for 9 months from 1 April 2018 to 31 December 2018 and as a result, the comparative figures stated in the income statement, statement of changes in equity, balance sheet and the related notes are not comparable.

Directors

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

Luc Van Hulle (resigned 1 August 2018)
Michael Gornall (resigned 1 August 2018)
Mark Weinberg (appointed 1 August 2018)
Denis Turcotte (appointed 1 August 2018)
Mark Blinn (appointed 1 August 2018)
Ron Bloom (appointed 1 August 2018)
Linda M Aylmore (resigned 1 August 2018)
Daniel J Sumner (resigned 1 August 2018)
Jose Emeterio Gutierrez Elso (appointed 24 August 2018 and resigned 31 July 2019)
William Transier (appointed 11 October 2018)
Robert Card (appointed 25 September 2018)
Patrick Fragman (appointed 19 August 2019)
Richard Legault (appointed 25 September 2018)

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic report on pages 2 to 3. This includes a review of the business during the period, of its position at the end of the period and of the likely future developments.

Financial risk management objectives and policies

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

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

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

Foreign currency risk
As at 31 December 2018 there were no outstanding foreign currency contracts (2017/18: nil).

The company has foreign currency loans and bank balances as at 31 December 2018 and as such is subject to foreign currency risk.

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

Directors' report (continued)
For the period ended 31 December 2018

Financial risk management objectives and policies (continued)

Liquidity risk

The company operates independent bank accounts locally and has the ability to lend cash through the ABL facility and can lend onwards through the LFM.

Political donations

The company has made no political contributions during the period (2017/18: £nil).

Research and development

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

Disabled employees

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

Directors' liabilities

Brookfield Asset Management Inc. maintains directors' and officers' liability insurance, covering the defense costs of civil legal proceedings and the damages resulting from the unsuccessful defense of such proceedings except, in such cases, to the extent that a director or officer acted fraudulently or dishonestly, for all its subsidiaries. This policy is not a third-party indemnity, but it is designed to defend against third-party liability.

Results and dividends

On 14 December 2018, the board approved an interim dividend in the range of $25,000,000 to $40,000,000 and on the 28 December 2018, a dividend payment of $34,000,000 (£26,511,000) was made (2017/18: £nil). The directors have not proposed a dividend after the period end.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic report on pages 2 to 3.

The company, through the ABL facility can lend onwards through the LFM arrangement, has access to cash resources to support ongoing operations and expects to maintain a positive cash balance in the forthcoming year. The restructuring plan put in place to exit Chapter 11 on 1 August 2018 and described in the Strategic report on pages 2 to 3 has served to strengthen the company's ability to continue to operate as a going concern.

Continuous assessments have resulted in the directors having a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from signing. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Events after the balance sheet date

Events after the balance sheet date can be found in note 19.

Westinghouse Electric UK Holdings Limited

Directors' report (continued)
For the period ended 31 December 2018

Independent Auditors

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

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

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

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

Approved by the Board of Directors on 5th November 2019 and signed on its behalf by:

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Director

PATRICK FRAGMAN

Westinghouse Electric UK Holdings Limited

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

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

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

Approved by the Board of Directors on 5th November 2019 and signed on its behalf by:

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Director

PATRICK FRAGMAN

Westinghouse Electric UK Holdings Limited

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

Report on the audit of the financial statements

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

- give a true and fair view of the state of the company's affairs as at 31/12/2018 and of its profit for the period 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 20.

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

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

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

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

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

We have nothing to report in respect of these matters.

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

Use of our report

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

David Crawford.

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

5 November 2019

Westinghouse Electric UK Holdings Limited

Profit and loss account
For the period ended 31 December 2018

	Note	9 months to 31 December 2018	12 months to 31 March 2018
		£ 000	£ 000
Other operating expenses		(1,648)	(2,751)
Impairment on investments	10	(105,003)	(8,104)
Exceptional items	4	(1,290)	(15,599)
Operating loss	5	(107,941)	(26,454)
Income from shares in group undertakings		747	7,194
Interest and similar income and expense	8	(12,082)	(1,212)
Loss before taxation		(119,276)	(20,472)
Income tax credit	9	1,193	3,383
Loss for the financial period		(118,083)	(17,089)

The above results were derived from continuing operations.

Westinghouse Electric UK Holdings Limited

Statement of comprehensive income
For the period ended 31 December 2018

	Note	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Loss for the financial period		(118,083)	(17,089)
Other comprehensive (expense)/income:			
Items that may subsequently be reclassified to profit or loss:			
Actuarial (loss)/gain recognised on defined benefit pension scheme	15	(477)	4,166
Movement in deferred tax relating to pension asset	11	81	(708)
Total other comprehensive (expense)/income for the period net of tax		(396)	3,458
Total comprehensive expense for the period		(118,479)	(13,631)

Balance sheet
As at 31 December 2018

	Note	31 December 2018 £ 000	31 March 2018 £ 000
Non-current assets			
Investments	10	196,593	195,879
Deferred tax asset	11	1,072	1,395
Debtors: Amounts falling due after more than one year	12	6,150	5,979
Total non-current assets		203,815	203,253
Current assets			
Debtors	12	99,115	15,917
Cash at bank and in hand		1,705	5,003
Total current assets		100,820	20,920
Creditors: amounts falling due within one year	13	(129,504)	(59,469)
Net current liabilities		(28,684)	(38,549)
Total assets less current liabilities		175,131	164,704
Creditors: amounts falling due after more than one year	14	-	(99,369)
Net assets excluding pension asset		175,131	65,335
Pension asset	15	3,237	3,667
Net assets		178,368	69,002
Capital and reserves			
Called up share capital	16	35,571	35,561
Profit and loss account		142,797	33,441
Total shareholders' funds		178,368	69,002

The notes on pages 15 to 35 are an integral part of these financial statements.

The financial statements for Westinghouse Electric UK Holdings Limited (registration number: 02458109) on pages 11 to 35 were approved by the Board of directors and authorised for issue on 5th NOVEMBER 2019.

They were signed on its behalf by:

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Director

PATRICK FRAGMAN

Westinghouse Electric UK Holdings Limited

Statement of changes in equity
For the period ended 31 December 2018

	Note	Called up share capital £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
At 1 April 2017		35,561	47,072	82,633
Loss for the financial period		-	(17,089)	(17,089)
Other comprehensive income/(expense):				
Actuarial gain on defined benefit pension scheme	15	-	4,166	4,166
Movement on deferred tax relating to pension deficit	11	-	(708)	(708)
Total comprehensive expense for the period		-	(13,631)	(13,631)
At 31 March 2018		35,561	33,441	69,002
Loss for the financial period		-	(118,083)	(118,083)
Other comprehensive income/(expense):				
Actuarial loss on defined benefit pension scheme	15	-	(477)	(477)
Movement on deferred tax relating to pension deficit	11	-	81	81
Total comprehensive expense for the period		-	(118,479)	(118,479)
Capital contribution		-	254,346	254,346
Payment of dividends	16	-	(26,511)	(26,511)
Issue of share capital	16	10	-	10
At 31 December 2018		35,571	142,797	178,368

1. General information

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

The address of its registered office is:

Springfields
Salwick
Preston
Lancashire
PR4 0XJ

These financial statements are presented in Pounds sterling, the presentational and functional currency, because that is the currency of the primary economic environment in which the company operates.

The financial statements are prepared in accordance with the requirements of the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and applicable accounting standards because the company is a member of a group where the parent of the group (Brookfield Asset Management Inc. incorporated in Canada) prepares publicly available consolidated financial statements in which the results of the company are consolidated (note 17).

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

The financial period end of the company was changed from 31 March to 31 December so as to be coterminous with the period end of its ultimate holding company. Accordingly, the current financial statements are prepared for 9 months from 1 April 2018 to 31 December 2018 and as a result, the comparative figures stated in the income statement, statement of changes in equity, balance sheet and the related notes are not comparable.

The financial statements are prepared under the historical cost convention, except, where stated in the accounting policies, in accordance with applicable FRS101.

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 periods presented, unless otherwise stated.

Basis of accounting

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

New standards, amendments and IFRIC interpretations

IFRS 9 is new accounting standard that is effective for the period ended 31 December 2018 and has had no material impact upon the reported numbers (see note 20). There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2018 have had a material impact on the company.

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the listed disclosure exemptions. Where applicable equivalent disclosures have been given in the financial statements to which it is consolidated (note 17).

- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j)-(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations; group financial statements have not been presented;
- the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006;
- 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;

2. Accounting policies (continued)

Summary of disclosure exemptions (continued)

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

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and financial risk management objectives are described in the Strategic report on pages 2 to 3.

The company has access to cash resources to support ongoing operations and expects to maintain a positive cash balance in the forthcoming year.

Continuous assessments have resulted in the directors having a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from signing. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Current and deferred tax

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

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

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

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

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

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

2. Accounting policies (continued)

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.

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

Post-retirement benefits

During the period the company participated in the Group Pension Scheme UAM/WEC section of the Combined Nuclear Pension Plan (CNPP), a defined benefit pension scheme which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the CNPP is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations (DBO)) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting 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 when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the 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 cost is recognised in the income statement as other finance income or expense.

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 for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

2. **Accounting policies (continued)**

Investments and other financial assets

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

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

Classification of financial assets

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

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

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

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

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL)

Despite the aforegoing, the group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company uses relevant factors (both quantitative and qualitative) based on the facts and circumstances specific to the financial asset. This is based on reasonable and supportable information that is available, without undue cost or effort to obtain.

2. Accounting policies (continued)

Investments and other financial assets (continued)

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

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

Financial liabilities and equity

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

Equity instruments

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

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

Other financial liabilities

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

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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.

3. Critical accounting judgements (continued)

Key sources of estimation uncertainty

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

Estimated impairment of financial assets

In accordance with the accounting policy stated in note 2, the company periodically tests whether investments and other financial assets have suffered any impairment or expected credit loss. The recoverable amounts of cash generating units have been determined based on value-in-use calculations and these calculations require the use of estimates. The assumptions on which impairment testing is based include, but are not limited to, discount rate, terminal growth rate and cash flow forecasts for future business generation.

Defined benefit scheme

The company has obligations to pay pension benefits to certain employees. The pension asset and post retirement liability are calculated in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). The cost of these benefits and the present value of the obligation is sensitive to a number of factors, including life expectancy, salary increases, asset valuations and a discount rate based on inflation. See note 15 for the disclosures relating to the defined benefit pension scheme.

Deferred Tax

The company has recognised a deferred tax asset (2017/18: asset) (note 11) which requires judgement for determining the extent of recoverability at each reporting date. The company assesses the recoverability with reference to forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Where the temporary differences are related to losses, relevant law is considered to determine the availability of the losses to offset against the future taxable profits.

Brexit

The company has assessed the implications of the UK leaving the EU which is planned for 31 January 2020 and these are detailed in Principal risks and uncertainties section in the strategic report on page 3.

4. Exceptional items

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Increase of provision for non-recoverable loan receivable from Westinghouse Electric South Africa (Pty) Limited	-	(62)
Provision for non-recoverable receivables from group undertakings	-	(6,383)
Gain due to restructuring plan	7,829	-
Provision for non-recoverable loan receivable from State Nuclear WEC Zirconium Hafnium Co Limited	-	(99)
Restructuring costs	(9,119)	(9,055)
	(1,290)	(15,599)

The gain due to the restructuring plan of £7,829,000 was mainly as a result of the restructuring of intercompany balances with WEC Holdings subsidiaries. The restructure occurred and the gain was made in July 2018. There was no cash flow effect of these items. The tax impact is £5,000.

Restructuring costs of £9,119,000 were mainly consultancy fees and legal & professional fees relating to the restructuring plan. The net cash flow effect of these items is a cash outflow of £9,119,000. The tax impact is £735,000.

Notes to the financial statements (continued)
For the period ended 31 December 2018

5. Operating loss

Operating loss has been arrived at after charging:

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Auditors' remuneration – audit of the company's financial statements	84	56
Other external and operating charges	234	987
Pension service costs (note 15)	1,049	1,342
Foreign exchange losses	281	366
Impairment charge on investments (note 10)	105,003	8,104
Exceptional item (note 4)	1,290	15,599

WEC Holdings Limited pays the audit fees on behalf of TSB (Investment Europe) Limited and WEC Acquisitions Limited. There are no non - audit fees included within Auditors' remuneration.

6. Directors' remuneration

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

7. Employee costs

WEC Holdings has 45 (2017/18: 48) employees. All employees are seconded to other group companies.

The average monthly number of employees seconded during the period by the company (WEC Holdings) was as follows:

	9 months to 31 December 2018 No.	12 months to 31 March 2018 No.
Employees seconded to Advance Uranium Asset Management Limited	4	7
Employees seconded to NuGeneration Limited	-	1
Employees seconded to Westinghouse Electric Company UK Limited	41	40
	45	48

8. Interest and similar income and expense

Interest receivable and similar income:

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Interest receivable from group undertakings	1,561	701
Interest income in respect of pension assets (note 15)	959	1,113
Bank interest	19	22
Unrealised foreign exchange gains	-	3,219
	2,539	5,055

Interest payable and similar expense:

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Interest payable to group undertakings	(3,399)	(3,279)
Interest expense in respect of pension assets (note 15)	(866)	(1,121)
Bank charges	(2)	(4)
Other expenses payable	(4,619)	(1,863)
Unrealised foreign exchange losses	(5,735)	-
	(14,621)	(6,267)

Net interest income and expense:

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Interest receivable and similar income	2,539	5,055
Interest payable and similar expense	(14,621)	(6,267)
	(12,082)	(1,212)

The other expenses payable includes £2,682,000 (2017/18: £nil) for stamp duty paid on behalf of Brookfield WEC EMEA Holdings Limited and £1,937,000 (2017/18: £1,863,000) for fees on loans received from WEC LLC.

9. Income tax credit

a) Tax included in profit and loss account

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Current tax:		
UK corporation tax on losses for the period	(1,534)	(1,735)
Adjustment in respect of prior periods	(63)	61
Total current tax	(1,597)	(1,674)
Deferred tax		
Origination and reversal of timing differences	209	(291)
Adjustment in respect of prior periods	195	(1,418)
Total deferred tax	404	(1,709)
Tax on loss	(1,193)	(3,383)

9. Income tax credit (continued)

b) Tax income included in other comprehensive income

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Deferred tax:		
Origination and reversal of timing differences	(81)	708
Total tax expense/(income) included in other comprehensive income	(81)	708

c) Tax credit for the period is lower (2017/18: lower) than the standard rate of corporation tax in the UK for the period ended 31 December 2018 of 19% (2017/18: 19%). The differences are explained below:

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Loss before taxation	(119,276)	(20,472)
Loss before taxation multiplied by the standard rate of tax in the UK of 19% (2017/18:19%)	(22,662)	(3,890)
Effects of:		
Income not taxable for tax purposes	(1,642)	(1,374)
Remeasurement of deferred tax – change in UK tax rate	(24)	36
Adjustments to tax charge in respect of prior periods	131	(1,357)
Expenses not deductible for tax purposes	23,004	3,202
Tax credit	(1,193)	(3,383)

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

Factors that may affect future tax charges

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

10. Investments

	Shares in Subsidiaries £ 000	Shares in Joint Venture £ 000	Shares in Associate £ 000	Total £ 000
Cost				
At 1 April 2018	347,578	11,731	12,514	371,823
Additions for the period	105,717	-	-	105,717
Disposals for the period	(87,117)	(9,719)	(12,514)	(109,350)
At 31 December 2018	366,178	2,012	-	368,190
Impairment				
At 1 April 2018	(153,084)	(10,346)	(12,514)	(175,944)
Charges for the period	(105,003)	-	-	(105,003)
Disposals for the period	87,117	9,719	12,514	109,350
At 31 December 2018	(170,970)	(627)	-	(171,597)
Carrying amount				
At 31 March 2018	194,494	1,385	-	195,879
At 31 December 2018	195,208	1,385	-	196,593

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

Name of subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held 31 December 2018	31 March 2018
Nuclear Fuel Industries Limited	Nuclear activities	Tennozu First Tower 13F 2-2-4 Higashi Shinagawa Shinagawa-ku Tokyo Japan	-	52%
Par-TZ Nuclear Company Limited	Nuclear activities	88 Shangzhuang Street, Waliu Road Taiyuan, Wanbailin District China	51%	51%
Springfields Fuels Limited	Nuclear activities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
TSB (Investment Europe) Limited	Holding company for European entities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
Uranium Asset Management Limited	Nuclear activities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
WEC Aquisitons Limited	Holding company for European entity	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
Westinghouse Electric (Asia) S.A., Zug	Holding company - customer sales	C/o Schlumpf & Partner Treuhand AG Bahnhofstrasse Switzerland	100%	100%

10. Investments (continued)

Name of subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held 31 December 2018	31 March 2018
Westinghouse Electric Belgium S.A.	Nuclear activities	Rue De L'Industrie 43 Nivelles, 1400 Belgium	99%	99%
Westinghouse Electric Canada Inc.	Nuclear activities	Canada Trust Tower 161 Bay Street, 27th Floor PO Box 508 TORONTO CA Canada	100%	100%
Westinghouse Electric Company (China) Limited	Nuclear activities	28 Floor, Tower D, CITC 6A Jianguomenwai Avenue Beijing China	100%	100%
Westinghouse Electric Company UK Limited	Nuclear activities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
Westinghouse Electric Czech Republic s.r.o.	Nuclear activities	U Zeměpisného ústavu 505/1 Prague 6 –Bubeneč Czech Republic	99%	99%
Westinghouse Electric India Private Limited	Nuclear activities	Hiranandani Gardens, Powai 402, Sigma,Technology Street Mumbai India	99%	99.1%
Westinghouse Electric Japan Limited	Nuclear activities	Tennozu First Tower 13F 2-2-4, Higashi Shinagawa Shinagawa-ku, Tokyo Japan	100%	100%
Westinghouse Electric South Africa (Pty) Limited	Nuclear activities	58 Eden on Big Bay Cnr Otto du Plessis & Sir David Baird Dr Postnet Suite 146, Private Bag X1 Big Bay Beach Estate Cape Town South Africa	100%	100%
Westinghouse Electrique France S.A.S	Nuclear activities	86 Rue De Paris - BÂT Sequoia - BP7 Orsay Cedex France	99.1%	99.1%
Westinghouse Operations Belgium S.A.	Nuclear activities	Rue De L'Industrie 43 Nivelles, 1400 Belgium	99%	99%
Westinghouse Electric Spain, S.A.U.	Nuclear activities	Padilla 17, 3 Planta Madrid, 28006 Spain	100%	100%
Westinghouse Technology Services S.A.	Nuclear activities	Padilla 17, 3 Planta Madrid, 28006 Spain	70%	70%

10. Investments (continued)

Joint Venture Undertakings	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held 31 December 2018	31 March 2018
SNTPC-WEC Nuclear Power Technical Services (Beijing) Company Limited	Nuclear activities	103 A, Floor 1, Building2, 29 North Sanhuan Road,Beijing, Xicheng District, China, 100029	50%	50%
State Nuclear WEC Zirconium Hafnium Co Limited	Nuclear activities	Nantong E-T Development Area, 88 Tongda Road, Nantong City, China, 226017	-	50%
Associated Undertakings				
Mangiarotti S.p.A.	Nuclear activities	Via F. Petrarca, 10 Z.I. Localito Pannellia 10, Sedegliano, Italy UD 33039	-	30%

The class of shares held in all subsidiaries is ordinary.

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

Name of indirect subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held 31 December 2018	31 March 2018
Advance Uranium Asset Management Limited	Nuclear activities	Springfields, Salwick, Preston, PR4 0XJ, United Kingdom	40%	40%
Astare	Engineering service	86 Rue De Paris - BAT Sequoia - BP7 Orsay Dedex France	100%	100%
TNEE Electric Sweden Holdings AB	Nuclear activities	Fredholmsgatan 22, Vasteras, Sweden SE72163	100%	100%
Westinghouse Electric Sweden AB	Nuclear activities	Fredholmsgatan 22, Vasteras, Sweden SE72163	100%	100%
Westinghouse Electric Germany GmbH	Nuclear activities	6 Dudenstrasse, Mannheim, Germany, DE68167	100%	100%
KONTEC Gesellschaft Fur Technische Kommunikation mbH	Nuclear activities	Oudenstrasse 6, 68167 Mannheim, Germany	80%	80%
HTR GmbH	Nuclear activities	Oudenstrasse 6, 68167 Mannheim, Germany	50%	50%

10. Investments (continued)

Name of indirect subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held 31 December 2018	31 March 2018
Tecnatom S.A Westinghouse Technology Services , S.A , Enusa	Nuclear activities	Avenida Montes de Oca , 1, 28709, San Sebastian de los Reyes, Madrid, Spain	23.1%	23.1%
Mangiarotti S.p.A.	Nuclear activities	Via F. Petrarca 10 Z.I. Localito Pannellia 10, Sedegliano, Italy UD 33039	100%	100%
Mangiarotti Nuclear S.p.A.	Rental of equipment and fixed assets	Via Timavo 59 34074 Monfalcone (GO) Italy	100%	100%
Westinghouse Electric do Brasil Servicos e Consultoria para Centrais Nucleaires Ltd	Nuclear activities	Rua do Russel 804, Suite 450, Gloria, Rio de Janeiro – RJ, Brazil, 22210-010	100%	100%
Wesdyne Sweden AB	Nuclear activities	Kemistvagen 5, Taby, Sweden, 183 22	100%	100%
Westinghouse Electric Ukraine AB	Nuclear activities	Fredholmsgatan 22, Vasteras, Sweden SE72163	100%	100%

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

During the period, WEC Holdings made investments in the following companies: Uranium Asset Management Limited £2,568,000, Springfields Fuels Limited £8,815,000, Westinghouse Electrique France S.A.S £83,700,000, Westinghouse Electric South Africa (Pty) Limited £7,278,000, Westinghouse Electric Canada Inc. £8,000 and Westinghouse Electric Belgium S.A. £3,348,000.

There were impairments on the following investments; Westinghouse Electrique France S.A.S £88,480,000, Westinghouse Electric South Africa (Pty) Limited £7,278,000 and Westinghouse Electric Belgium S.A. £9,245,000 to write these down to their recoverable amounts. The recoverable amount of these investments has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period. The projected cash flows have been updated to reflect the updated demand for products and services. The pre-tax discount rate applied to cash flow projections is 4.22% (2017/18: 12.49%) and cash flows beyond the five-year period are extrapolated using a 1.6% growth rate (2017/18: 1.5%). It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognised an impairment charge of £105,003,000 in the current period.

On 23 July 2018 the 50% investment in State Nuclear WEC Zirconium Hafnium Co Limited fully impaired in the prior year was sold to State Nuclear Baoti Zirconium Industry Co Ltd. On 1 August 2018 the 52% investment in Nuclear Fuels Industries Limited fully impaired in the prior years was divested to Toshiba. On 23 July 2018 the 30% investment in Mangiarotti S.p.A. fully impaired in prior years was sold to WEC Acquisitions Limited.

The company has assessed the implications of the UK leaving the EU which is planned for 31 January 2020 and these are detailed in Principal risks and uncertainties section in the strategic report on page 3.

11. Deferred tax asset

Deferred tax asset

	31 December 2018 £ 000	31 March 2018 £ 000
Deferred tax liabilities due within 12 months	(8)	(8)
Total liability	(8)	(8)
Deferred tax assets due after 12 months	1,080	1,403
Total asset	1,080	1,403
Total deferred tax asset	1,072	1,395

Deferred tax assets/ (liabilities)	Tax losses £ 000	Pension/ provision £ 000	Corporate interest restriction £ 000	Derivatives £ 000	**Total £ 000**
At 1 April 2017	34	284	-	77	395
Charged/(credited) to the income statement	223	1,256	237	(8)	1,708
Credited directly to other comprehensive income	-	(708)	-	-	(708)
At 31 March 2018	257	832	237	69	1,395
Charged/(credited) to the income statement	1,000	(1,463)	67	(8)	(404)
Credited directly to other comprehensive income	-	81	-	-	81
At 31 December 2018	1,257	(550)	304	61	1,072

The company changed from preparing financial statements under UK GAAP to FRS101 in the year to March 2016. Under FRS101 derivatives are brought onto the Balance sheet at fair value creating an impact to the Profit and loss account that is taxable in the year of transition. The tax effect of the gain in the year of transition is spread over 10 years creating a deferred tax liability.

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

12. Debtors

	31 December 2018 £ 000	31 March 2018 £ 000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings (net of provisions)	67,813	14,342
Amounts owed by group undertakings (net of provisions)	30,042	123
Corporation tax	816	681
Other taxes	444	771
	99,115	15,917
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings (net of provisions)	6,150	5,979
	105,265	21,896

Amounts owed by subsidiary and group undertakings disclosed above are classified as loans and receivables and are therefore measured at amortised cost. As at 31 December 2018 the gross and net value for amounts owed by subsidiary undertakings was £67,813,000 (2017/18: £14,342,000). As at 31 December 2018 the gross value for amounts owed by group undertakings was £30,042,000 (2017/18: £15,942,000) with expected credit loss provision of £nil (2017/18: £15,819,000) and net balance of £30,042,000 (2017/18: £123,000).

Within amounts owed by subsidiary and group undertakings are several loans provided to WEC Holdings' European subsidiaries with an outstanding principle value of £76,924,000 and outstanding accrued interest of £485,000.

The remaining amount owed by subsidiary and group undertakings due within one year is intercompany recharges £17,135,000 and group tax relief £3,311,000.

The subsidiary undertakings due after more than one year represents a loan provided on the 17 March 2014 to Westinghouse Barras Provence SA for €6,800,000 (£6,114,000) (31 March 2018: €6,800,000 (£5,979,000)). The interest rate applied is GBP LIBOR plus 45 basis points as determined by Westinghouse Treasury department. Such spread is consistent with arm's length borrowing costs of WEC LLC for a loan of similar terms. At 31 December 2018, the interest accrued amounted to €40,000 (£36,000) (31 March 2018: €nil (£nil)). This loan was transferred from Westinghouse Barras Provence SA to Westinghouse Electrique France S.A.S. on 1 January 2018. The loan is repayable on demand.

13. Creditors: amounts falling due within one year

	31 December 2018 £ 000	31 March 2018 £ 000
Amounts owed to subsidiary undertakings	36,231	2,037
Amounts owed to group undertakings	87,459	53,596
Trade creditors	285	2,549
Amounts owed to Nuclear Decommissioning Authority (NDA)	4,817	-
Accruals and deferred income	712	1,287
	129,504	59,469

Within amounts owed to subsidiary and group undertakings are several loans provided by WEC Holdings' European subsidiaries to WEC Holdings with an outstanding principle value of £116,534,000 and outstanding accrued interest of £1,436,000. Also included is £884,000 owed to Uranium Asset Management Limited for a prior year dividend in specie, £1,900,000 owed to the group for defined benefit pension contributions, £8,000 owed to Westinghouse Electric Canada Inc for share capital and £2,928,000 owed to WEC LLC for corporate overheads.

14. Creditors: amounts falling due after more than one year

	31 December 2018 £ 000	31 March 2018 £ 000
Amounts owed to group undertakings	-	99,369
	-	99,369

Amounts owed to group undertakings comprised an unsecured loan from BCP NEH (formerly TNEH UK) which was repayable on 31 March 2026. The interest rate applied was GBP LIBOR plus 45 basis points. This loan was subsequently cancelled as part of a debt to equity conversion under the restructuring plan implemented to exit Chapter 11 on 1 August 2018.

15. Pension asset

Defined contribution pension schemes

The company has one defined contribution scheme and the payments are made from the companies which utilise their services, namely Springfields Fuels Limited, Westinghouse Electric UK Company Limited and Advance Uranium Asset Management Limited.

Defined benefit pension schemes

The Group Pension Scheme (GPS)

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

A full actuarial valuation of the UAM/WEC section was carried out at 31 December 2016 and the company's share of assets and liabilities updated to 31 March 2017 by a qualified independent actuary. Following the full actuarial valuation in 2016, the company's ordinary contributions rate increased to 31.5%, with effect from 1 April 2016 to 30 June 2017 and to 39.2% from 1 July 2017 to 30 June 2023, representing regular contributions. In the same year the company contributed a single cash lump sum payment of £350,000 to fund the difference between the cost accrual and existing future service rate to June 2017. From July 2017, the company is contributing £45,000 a month until June 2023 to fund the deficit. The company intends to monitor funding levels on a regular basis. The next valuation has commenced.

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

15. Pension asset (continued)

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

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

	31 December 2018 £ 000	31 March 2018 £ 000
Equity instruments	9,455	13,210
Debt instruments	27,075	27,783
Real estate	2,083	2,444
Cash and cash equivalents	167	470
Other	2,874	3,104
Fair value of scheme assets	41,654	47,011
Present value of scheme liabilities	(38,417)	(43,344)
Defined benefit pension scheme surplus	3,237	3,667

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

Amounts recognised in the profit and loss account

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Amounts recognised in operating loss		
Current service cost	(730)	(1,342)
Past service cost – plan amendments	(38)	-
Past service cost - curtailments	(281)	-
Recognised in arriving at operating loss	(1,049)	(1,342)
Amounts recognised in finance income or costs		
Interest income on pension scheme assets	959	1,113
Interest expense on defined benefit obligations	(866)	(1,121)
Net interest income/(expense)	93	(8)
Defined benefit cost recognised in the profit and loss account	(956)	(1,350)

Amounts taken to the statement of comprehensive income

	9 months to 31 December 2018 £ 000	12 months to 31 March 2018 £ 000
Effects of changes in demographic assumptions	-	(270)
Effects of changes in liability experience	456	(80)
Effects of changes in financial assumptions	(831)	(3,341)
Return on plan assets, excluding amounts included in interest expense	852	(475)
Total re-measurements recognised in the statement of comprehensive income	477	(4,166)

15. Pension asset (continued)

Principal actuarial assumptions

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

	31 December 2018 %	31 March 2018 %
Discount rate	2.90	2.70
Rate of salary increase	2.60	2.50
Rate of price inflation	3.10	3.00
Rate of pension increases/deferred increases	3.10	3.00

Post retirement mortality assumptions

	31 December 2018 Years	31 March 2018 Years
Assumed life expectations on retirement at age 65:		
Current UK pensioners at retirement age	21.9	21.9
Retiring in 20 years UK pensioners at retirement age	23.3	23.3

Sensitivity analysis

The following table shows a sensitivity analysis of the significant actuarial assumptions as at 31 December 2018:

	Sensitivity analysis	Effect on DBO
Discount rate	0.1 % increase	-2.1 %
Discount rate	0.1 % decrease	+2.1 %
Retail Price Index inflation	0.1 % increase	+2.1 %
Retail Price Index inflation	0.1 % increase	-2.1 %
Mortality	Increase of 1 year in expected lifetime of plan participants	+3.0 %

Scheme liabilities

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

	31 December 2018 £ 000	31 March 2018 £ 000
Present value at start of the period	43,344	45,920
Current service cost	730	1,342
Past service cost – plan amendments	38	-
Past service cost - curtailments	281	-
Effects of changes in demographic assumptions	-	(270)
Effects of changes in liability experience	456	(80)
Effects of changes in financial assumptions	(831)	(3,341)
Interest expense	866	1,121
Benefits paid from plan assets	(6,545)	(1,479)
Participants contribution	78	131
Present value at end of the period	38,417	43,344

The expected cash flow for employer contributions for the next 12 months is £1,000,000.
The weighted average duration of defined benefit obligation is 21 years.

15. Pension asset (continued)

Scheme assets

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

	31 December 2018 £ 000	31 March 2018 £ 000
Fair value at start of the period	47,011	45,063
Interest income	959	1,113
Return on plan assets, excluding amounts included in interest income	(852)	475
Employer contributions	1,003	1,708
Benefits paid from plan assets	(6,545)	(1,479)
Participants contributions	78	131
Fair value at end of the period	41,654	47,011

Analysis of obligation

	31 December 2018 £ 000	31 March 2018 £ 000
Defined benefit obligation by status:		
Actives	24,018	31,163
Vested deferred	8,026	5,555
Retirees	6,373	6,626
	38,417	43,344

Actual return on plan assets

	31 December 2018 £ 000	31 March 2018 £ 000
Actual return on plan assets	107	1,588

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

Guaranteed monetary pension (GMP) equalisation explanation

On 26 October, the High Court handed down a judgment regarding a claim for the rights of female members of certain pension schemes to equality of treatment in relation to pension benefits. The judgment concluded that the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to, many other defined benefit pension schemes and as such affect the Westinghouse GPS defined benefit scheme. The judgment also provided comments on the method to be adopted in order to equalise benefits, on the period during which a member can claim in respect of previously underpaid benefits, and on what should be done in relation to benefits that have been transferred into, and out of, the relevant schemes.

We have worked with our advisors to understand the extent to which the judgment crystallises additional liabilities of the Westinghouse GPS defined scheme and we estimate the financial effect to be an approximate 1% increase in the liabilities as at 31 December 2018.This has been reflected in the current period profit and loss account as a past service cost.

16. Called up share capital

Allotted, called up and fully paid up shares:

	£ 000	No.
At 1 April 2018	35,561	35,561,122
Issue of share capital	10	10,000
At 31 December 2018	**35,571**	**35,571,122**

Authorised shares:

	31 December 2018 No.	31 December 2018 £ 000	31 March 2018 No.	31 March 2018 £ 000
Ordinary shares of £1 each	150,000,000	150,000	100,000,000	100,000

Allotted, called up and not fully paid up shares:

	31 December 2018 No.	31 December 2018 £ 000	31 March 2018 No.	31 March 2018 £ 000
Ordinary shares of £1 each	-	-	-	-

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

During the period the company issued shares to Brookfield WEC EMEA Holdings Ltd £10,000 (2017/18: £nil).

On 28 December 2018, the company paid a dividend of $34,000,000 (£26,511,000) (dividend per share: pence 74.53) to its parent, Brookfield WEC EMEA Holdings Limited.

17. Controlling party

At 1 April 2018, the controlling party and ultimate parent company was Toshiba Corporation. WEC Holdings is a subsidiary undertaking of BCP NEH (formerly TNEH UK) that was a 100% owned subsidiary of Toshiba Corporation.

On 1 August 2018, Toshiba Corporation completed its sale of WEC LLC, including BCP NEH (formerly TNEH UK) to Brookfield Business Partners LP, whose ultimate parent is Brookfield Asset Management Inc., Canada. At 31 December 2018, the controlling party and ultimate parent company was Brookfield Asset Management Inc.

The smallest and largest group in which the results of the company, for the period, are consolidated is that headed by Brookfield Asset Management Inc., a company incorporated in Canada; registered address: 181 Bay Street, Suite 300, Brookfield Place, Toronto, Canada, M5J 2T3. These financial statements present information about the company as an individual undertaking and no other published group financial statements include the results of the company. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Brookfield Asset Management Inc.

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

18. Contingent liabilities

The company has no contingent liabilities under the Companies Act 2006 Section 394 or 479. The company is a guarantor for the ABL facility which provides funding to WEC Holdings which can onwards lend through the LFM. As at 31st December 2018 there were no outstanding borrowings on this facility.

19. Post balance sheet events

The company subscribed for additional Common Shares in Westinghouse Electric Canada Inc.

As part of the restructuring of the Westinghouse group, the entire issued share capital of Mangiarotti S.p.A. was transferred from WEC Acquisitions Limited to WEC Holdings following which WEC acquisitions Limited was dissolved. Also as part of this restructuring plan, the entire issued share capital of TNEE Electric Sweden Holdings AB and Westinghouse Electric Germany GmbH were transferred from TSB (Investment Europe) Limited to WEC Holding following which TSB (Investment Europe) Limited made an application to be dissolved.

The company purchased shares in KW Nuclear Components Co Limited from WEC LLC

The company's 99% shareholding in Westinghouse Operations Belgium S.A. was transferred to Westinghouse Electric Belgium S.A. This was as a result of the merger of the two companies.

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

20. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* on the company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies. The new accounting policies are set out in note 2 above. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

There has been no impact on the company's retained earnings as at 1 April 2018 and 1 April 2017. There were no adjustments made to line items in the profit and loss account and the statement of other comprehensive income for 12 months period ending on 31 March 2018 relating to IFRS 9 adjustments.

Impairment of financial assets

The company has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- loans receivables,
- receivables for intercompany recharges and group tax relief.

The company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. There has been no impact as a result of the change in impairment methodology on the company's retained earnings and equity.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

Debtors and contract assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. There is no significant financing aspect relating to these financial assets. There has been no impact on the loss allowance on 1 April 2018 for trade receivables and for contract assets.

Loans receivables

The company applies the IFRS 9 general approach to measuring expected credit loss. There has been no impact on the loss allowance on 1 April 2018 for loans receivables.