

Registered number: 02458109

Westinghouse Electric UK Holdings Limited

Annual report and financial statements

for the year ended 31 December 2019

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Westinghouse Electric UK Holdings Limited

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Westinghouse Electric UK Holdings Limited

Company information

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

Westinghouse Electric UK Holdings Limited

Strategic report For the year ended 31 December 2019

The directors present their Strategic report for the financial year ended 31 December 2019.

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

Principal activities and fair review of the business

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

The company is a wholly owned subsidiary of Brookfield WEC EMEA Holdings Limited and the ultimate parent company is Brookfield Asset Management Inc.

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

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

	12 months to 31 December 2019	9 months to 31 December 2018
	£ 000	£ 000
Operating profit/(loss) for the financial year/period	55,901	(107,194)
Profit/(loss) for the financial year/period	56,299	(118,083)
Investments	310,130	196,593
Total shareholders' funds	234,776	178,368
Current assets to current liabilities ratio	0.71:1	0.78:1

An operating profit of £55,901,000 occurred in the year compared to a prior period (9 months) operating loss of £107,941,000. The profit in the year was due to the voluntary liquidation of the company's subsidiary, TSB (Investments Europe) Limited (TSBIE). When the assets of TSBIE were distributed to the company it received a dividend in specie totalling £160,278,000, and it incurred a loss from its investment portfolio of £71,798,000.

The company's net current liabilities position has increased to £85,937,000 (2018: £28,684,000), partly due to a provision being made for two intercompany loans (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 year to £310,130,000 (2018: £196,593,000) due to:

- Newly acquired investments in the following companies: Westinghouse Electric Sweden AB £138,584,000 and Westinghouse Electric Germany GmbH £21,611,000 acquired from TSBIE, Westron £3,396,000, and KW Nuclear Components Co. Limited £8,559,000 (note 10); and
- Additional investments made in the following subsidiary companies: Springfields Fuels Limited £2,959,000 for severance costs, Westinghouse Electric Canada Inc. £10,226,000 for operating costs, and Westinghouse Electric Belgium S.A. £81,000 transferred from Westinghouse Operations Belgium SA (note 10);
- Disposals of the following investments: TSB (Investments Europe) Limited £71,798,000, Westinghouse Operations Belgium SA £81,000 and WEC Acquisitions Limited £1 (note 10).

Strategic report (continued)

For the year ended 31 December 2019

Principal activities and fair review of the business (continued)

Total shareholders' funds increased in the year to £234,776,000 (2018: £178,368,000) mainly due to:

- Dividend income £171,019,000 (9 months of 2018: £747,000).

Results and dividends

The profit for the financial year amounted to £56,299,000 (9 months of 2018: loss of £118,083,000). During the year no dividend was paid (2018: £26,511,000) and the directors do not recommend the payment of a dividend after the year end.

Principal risks and uncertainties

The company holds investments in various companies around the world (note 10). The carrying values of those investments are shown at cost less impairment. 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.

The company has foreign currency loans and bank balances as at 31 December 2019 and as such is subject to foreign currency risk. The risk is reduced by the company entering into foreign currency contracts.

As at 31 December 2019 there 14 foreign currency contracts (31 December 2018: nil) with a fair value of £2,380,000 liability (2018: £nil) (note 13). Hedge accounting is not applied and the contracts are carried at fair value through Profit and loss.

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) on 31 January 2020. The main risks to the company are the impact on its UK subsidiaries and therefore the impact on the recoverability of the investments and their borrowing requirements. The risk is deemed low as there is headroom in the carrying value of the investments and the company and its subsidiaries produce robust forecast cash flows to monitor the situation. At the date of signing, the UK is in an 11 month transition period to 31 December 2020 and a trade deal is yet to be agreed. The company will continue to monitor the situation.

The Coronavirus pandemic (COVID-19) has had minimal financial impact on the company, as it is non-trading, nor its subsidiaries due to the nature of their operations. However, this potentially could have an impact on dividends declared by the subsidiaries of WEC Holdings. Whilst the impact of COVID-19 could affect the carrying value of the company's investments, it is considered a non-adjusting post balance sheet event as the conditions did not exist at the balance sheet date. At the date of signing COVID-19 has not materially impacted the investments' carrying value.

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

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

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2019

Section 172 statement

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

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

Board proceedings

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

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

Governance training and policies

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

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

Having regard to our stakeholders

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

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

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

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2019

Section 172 statement (continued)

Employees

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

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

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

Diversity & Inclusion. The Westinghouse global group is committed to cultivating a culture that fosters honest, open conversations and makes space for everyone to be themselves and thrive. Our goal is to create an organisation in which diversity and inclusion is an integral part of our DNA. In 2020, the Westinghouse global group has appointed a global Chief Diversity Officer, who will facilitate best practices and foster a culture that enriches our company and opens doors for even more innovation and new opportunities.

Former employees

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

Regulatory bodies

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

Our owner

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

Customers and suppliers

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

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

Westinghouse Electric UK Holdings Limited

Strategic report (continued) For the year ended 31 December 2019

Section 172 statement (continued)

Customers and suppliers (continued)

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

The community and the environment

In its capacity as a holding company, the board supports and maintains oversight of the company's subsidiaries' goals and initiatives with regard to reducing the adverse impacts of their operations on the environment and supporting the wider regional local communities. Additionally, the company is actively developing a robust environmental, social, and governance (ESG) program for which the board's Quality, Environmental, Health & Safety Committee and the Audit Committee will provide governance and oversight.

Principal decisions

During financial year 2019, the considerations outlined above were taken into account by the board in their deliberations around the following principal decisions:

- approval of the annual Westinghouse group business plan;
- approval of the legal entity rationalisation plan to reduce the number of the Company's subsidiaries and branches;
- approval of the global settlement and release agreement relating to the bankruptcy proceedings; and
- approval of the delegation of authority to the new Westinghouse global Chief Executive Officer.

Future developments

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

Approved by the Board of Directors on 18 December 2020 and signed on its behalf by:



Director

Patrick Fragman

Westinghouse Electric UK Holdings Limited

Directors' report For the year ended 31 December 2019

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditors' report, for the year ended 31 December 2019.

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:

Mark Weinberg
Denis Turcotte
Mark Blinn
Ron Bloom
Jose Emeterio Gutierrez Elso (resigned 31 July 2019)
William Transier
Robert Card
Patrick Fragman (appointed 19 August 2019)
Richard Legault (resigned 13 August 2020)
Elyse Allan (appointed 5 May 2020)

Strategic report

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

Financial risk management objectives and policies

Financial instruments

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

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

Interest rate risk

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

Foreign currency risk

As at 31 December 2019 there were 14 outstanding foreign currency contracts (31 December 2018: nil) with a fair value of £2,380,000 liability (2018: £nil) (note 13). Hedging accounting is not applied and the contracts are carried at fair value through Profit and loss.

The company has foreign currency loans and bank balances as at 31 December 2019 and as such is subject to foreign currency risk.

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

Liquidity risk

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

Westinghouse Electric UK Holdings Limited

Directors' report (continued) For the year ended 31 December 2019

Research and development

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

Disabled employees

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

Directors' liabilities

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

Dividends

During the year the company did not declare a dividend (9 months of 2018: £26,511,000). The directors have not proposed a dividend after the year 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 6.

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

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

WEC LLC has access to an external Asset Backed Lending and Revolver Credit Facility that it utilises to fund the Westinghouse group and it operates a Liquidity Funding Mechanism to provide funding to WEC Holdings and its subsidiaries. WEC Holdings has an intercompany loan agreement with WEC LLC that has a maximum borrowing limit of \$150 million. WEC Holdings and its subsidiaries have also received a letter of support from WEC LLC for the going concern period. WEC LLC has available funding capacity of over 80% from its external facilities and liquid cash resources of over \$250 million. As such there is significant capacity to support ongoing operations.

The Westinghouse group is performing in line with its business plan despite COVID pressures, continues to generate positive EBITDA as well as cash from operations and has significant liquidity available if necessary which is expected to continue over the going concern period.

WEC Holdings has provided a letter of support to its parent company and a number of its subsidiaries to support ongoing operations and to give comfort that it will settle any liabilities as they fall due if the companies are unable to do so. Letters have been issued to Brookfield WEC EMEA Holdings Limited, Westinghouse Electric Belgium S.A., Westinghouse Electrique France S.A.S, Inspection Consultants Limited and Westinghouse Electric Company UK Limited.

Westinghouse Electric UK Holdings Limited

Directors' report (continued) For the year ended 31 December 2019

Going concern (continued)

The directors have considered the performance of the Westinghouse group, including WEC Holdings, and they have determined the group has sufficient available funding and adequate resources to continue in operational existence for 12 months from signing. Accordingly, they continue to adopt the going concern basis for WEC Holdings in preparing the annual report and financial statements.

Events after the balance sheet date

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

Independent Auditors

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

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

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

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

Approved by the Board of Directors on 18 December 2020 and signed on its behalf by:



Director

Patrick Fragman

Westinghouse Electric UK Holdings Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 'Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

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

Westinghouse Electric UK Holdings Limited

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 18.

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

Basis for opinion

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

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

Conclusions relating to going concern

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.

Westinghouse Electric UK Holdings Limited

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

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.

Westinghouse Electric UK Holdings Limited

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.

A handwritten signature in black ink that reads "David Crawford". The signature is written in a cursive style with a small dot at the end.

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

18 December 2020

Westinghouse Electric UK Holdings Limited

Profit and loss account For the year ended 31 December 2019

		12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
	Note		
Income from shares in group undertakings		171,019	747
Other operating expenses		(2,809)	(1,648)
Disposal of investments	10	(71,798)	(105,003)
Exceptional items	4	(40,511)	(1,290)
Operating profit/(loss)	5	<u>55,901</u>	<u>(107,194)</u>
Interest and similar expense	8	(397)	(12,082)
Profit/(loss) before taxation		<u>55,504</u>	<u>(119,276)</u>
Income tax credit	9	795	1,193
Profit/(loss) for the financial year/period		<u><u>56,299</u></u>	<u><u>(118,083)</u></u>

The above results were derived from continuing operations.

Westinghouse Electric UK Holdings Limited

Statement of comprehensive income For the year ended 31 December 2019

		12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
	Note		
Profit/(loss) for the financial year/period		<u>56,299</u>	<u>(118,083)</u>
Other comprehensive income/(expense):			
Items that may subsequently be reclassified to profit or loss:			
Actuarial gain/(loss) recognised on defined benefit pension scheme	14	131	(477)
Movement in deferred tax relating to pension asset	11	(22)	81
Total other comprehensive income/(expense) for the year/period net of tax		<u>109</u>	<u>(396)</u>
Total comprehensive income/(expense) for the year/period		<u>56,408</u>	<u>(118,479)</u>

Westinghouse Electric UK Holdings Limited

Balance sheet As at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Non-current assets			
Investments	10	310,130	196,593
Deferred tax asset	11	1,202	1,072
Debtors: Amounts falling due after more than one year	12	5,815	6,150
Total non-current assets		317,147	203,815
Current assets			
Debtors	12	107,857	99,115
Cash at bank and in hand		104,189	1,705
Total current assets		212,046	100,820
Creditors: amounts falling due within one year	13	(297,983)	(129,504)
Net current liabilities		(85,937)	(28,684)
Net assets excluding pension asset		231,210	175,131
Pension asset	14	3,566	3,237
Net assets		234,776	178,368
Capital and reserves			
Called up share capital	15	35,571	35,571
Profit and loss account		199,205	142,797
Total shareholder's funds		234,776	178,368

The notes on pages 18 to 37 are an integral part of these financial statements.

The financial statements for Westinghouse Electric UK Holdings Limited (registration number: 02458109) on pages 14 to 37 were approved by the Board of directors and authorised for issue on 18 December 2020.

They were signed on its behalf by:



Director

Patrick Fragman

Westinghouse Electric UK Holdings Limited

**Statement of changes in equity
For the year ended 31 December 2019**

	Called up share capital £ 000	Profit and loss account £ 000	Total shareholders' funds £ 000
Note			
At 1 April 2018	<u>35,561</u>	<u>33,441</u>	<u>69,002</u>
Loss for the financial period	-	(118,083)	(118,083)
Other comprehensive (expense)/income:			
Actuarial loss on defined benefit pension scheme	14 -	(477)	(477)
Movement on deferred tax relating to pension deficit	11 -	81	81
Total comprehensive expense for the period	<u>-</u>	<u>(118,479)</u>	<u>(118,479)</u>
Capital contribution	-	254,346	254,346
Dividends	-	(26,511)	(26,511)
Issue of share capital	15 <u>10</u>	<u>-</u>	<u>10</u>
At 31 December 2018	<u>35,571</u>	<u>142,797</u>	<u>178,368</u>
Profit for the financial year	-	56,299	56,299
Other comprehensive income/(expense):			
Actuarial gain on defined benefit pension scheme	14 -	131	131
Movement on deferred tax relating to pension deficit	11 -	(22)	(22)
Total comprehensive income for the year	<u>-</u>	<u>56,408</u>	<u>56,408</u>
At 31 December 2019	<u>35,571</u>	<u>199,205</u>	<u>234,776</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements For the year ended 31 December 2019

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

The address of its registered office is:

Springfields
Salwick
Preston
Lancashire
PR4 0XJ
United Kingdom

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

The financial statements are prepared in accordance with the requirements of the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and applicable accounting standards because the company is a member of a group where the parent of the group (Brookfield Asset Management Inc. incorporated in Canada) prepares publicly available consolidated financial statements in which the results of the company are consolidated (note 16).

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

The financial year end of the company was changed from 31 March 2019 to 31 December 2018 so as to be coterminous with the year end of its ultimate holding company. Accordingly, the comparative 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 FRS 101.

2. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the year and period presented, unless otherwise stated.

Basis of accounting

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

New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company.

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the listed disclosure exemptions. Where applicable equivalent disclosures have been given in the financial statements to which it is consolidated (note 16).

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

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Summary of disclosure exemptions (continued)

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

Going concern

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

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

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

WEC LLC has access to an external Asset Backed Lending and Revolver Credit Facility that it utilises to fund the Westinghouse group and it operates a Liquidity Funding Mechanism to provide funding to WEC Holdings and its subsidiaries. WEC Holdings has an intercompany loan agreement with WEC LLC that has a maximum borrowing limit of \$150 million. WEC Holdings and its subsidiaries have also received a letter of support from WEC LLC for the going concern period. WEC LLC has available funding capacity of over 80% from its external facilities and liquid cash resources of over \$250 million. As such there is significant capacity to support ongoing operations.

The Westinghouse group is performing in line with its business plan despite COVID pressures, continues to generate positive EBITDA as well as cash from operations and has significant liquidity available if necessary which is expected to continue over the going concern period.

WEC Holdings has provided a letter of support to its parent company and a number of its subsidiaries to support ongoing operations and to give comfort that it will settle any liabilities as they fall due if the companies are unable to do so. Letters have been issued to Brookfield WEC EMEA Holdings Limited, Westinghouse Electric Belgium S.A., Westinghouse Electrique France S.A.S, Inspection Consultants Limited and Westinghouse Electric Company UK Limited.

The directors have considered the performance of the Westinghouse group, including WEC Holdings, and they have determined the group has sufficient available funding and adequate resources to continue in operational existence for 12 months from signing. Accordingly, they continue to adopt the going concern basis for WEC Holdings in preparing the annual report and financial statements.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Current and deferred tax

The tax credit for the year/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.

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

Post-retirement benefits

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

The cost of providing benefits under the CNPP is determined using the projected unit method, which attributes entitlement to benefits to the current year (to determine current service cost) and to the current and prior 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 year/period or immediately if the benefits have vested.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

2. Accounting policies (continued)

Post-retirement benefits (continued)

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

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

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the year/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 year/period in which they become payable.

Investments and other financial assets

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

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

Classification of financial assets

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

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

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

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

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Investments and other financial assets (continued)

Classification of financial assets (continued)

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

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the entity's assessment at the end of each reporting year/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.

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

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

Financial liabilities and equity

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

Equity instruments

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

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

2. Accounting policies (continued)

Equity instruments (continued)

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

Other financial liabilities

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

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year/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 year/period in which the estimate is revised if the revision affects only that year/period, or in the year/period of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

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

Estimated impairment of financial assets

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

Defined benefit scheme

The company has obligations to pay pension benefits to certain employees. The pension asset and post retirement liability are calculated in accordance with International Accounting Standard 19 Employee Benefits (IAS 19). The cost of these benefits and the present value of the obligation is sensitive to a number of factors, including life expectancy, salary increases, asset valuations and a discount rate based on inflation. See note 14 for the disclosures relating to the defined benefit pension scheme.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

4. Exceptional items

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Gain due to restructuring plan	-	7,829
Provision for doubtful recovery of receivables	(39,390)	-
Restructuring costs	(1,121)	(9,119)
	<u>(40,511)</u>	<u>(1,290)</u>

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

The restructuring costs of £1,121,000 relate to severance costs associated with employees of the company previously seconded to other group companies (2018: £9,119,000 were legal and professional fees relating to the restructuring plan).

5. Operating profit/(loss)

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

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Independent auditors' remuneration – audit of the company's financial statements	54	84
Other external and operating charges	379	234
Pension service costs (note 14)	1,174	1,049
Foreign exchange losses	1,202	281
Impairment/disposal of investments (note 10)	71,798	105,003
Exceptional item (note 4)	<u>40,511</u>	<u>1,290</u>

In 2018 WEC Holdings paid the audit fees on behalf of TSB (Investment Europe) Limited and WEC Acquisitions Limited. There are no non-audit fees included within independent 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 year.

7. Employee costs

WEC Holdings has 40 (9 months of 2018: 45) employees. All employees are seconded to other group companies.

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

	12 months to 31 December 2019 No.	9 months to 31 December 2018 No.
Employees seconded to Advance Uranium Asset Management Limited	5	4
Employees seconded to Westinghouse Electric Company UK Limited	<u>35</u>	<u>41</u>
	<u>40</u>	<u>45</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

8. Interest and similar expense

Interest receivable and similar income:

	12 months to 31 December 2019	9 months to 31 December 2018
	£ 000	£ 000
Interest receivable from group undertakings	3,031	1,561
Interest income in respect of pension assets (note 14)	1,224	959
Bank interest	16	19
Other interest	7	-
Foreign exchange gains	<u>2,086</u>	<u>-</u>
	<u>6,364</u>	<u>2,539</u>

Interest payable and similar expense:

	12 months to 31 December 2019	9 months to 31 December 2018
	£ 000	£ 000
Interest payable to group undertakings	(5,495)	(3,399)
Interest expense in respect of pension assets (note 14)	(1,109)	(866)
Bank charges	(157)	(2)
Other expenses payable	-	(4,619)
Foreign exchange losses	<u>-</u>	<u>(5,735)</u>
	<u>(6,761)</u>	<u>(14,621)</u>

Net interest income and expense:

	12 months to 31 December 2019	9 months to 31 December 2018
	£ 000	£ 000
Interest receivable and similar income	<u>6,364</u>	<u>2,539</u>
Interest payable and similar expense	<u>(6,761)</u>	<u>(14,621)</u>
	<u>(397)</u>	<u>(12,082)</u>

9. Income tax credit

a) Tax included in profit and loss account

	12 months to 31 December 2019	9 months to 31 December 2018
	£ 000	£ 000
Current tax:		
UK corporation tax on profit/(loss) for the year/period	(792)	(1,534)
Adjustment in respect of prior periods	<u>149</u>	<u>(63)</u>
Total current tax	<u>(643)</u>	<u>(1,597)</u>
Deferred tax		
Origination and reversal of timing differences	41	209
Adjustment in respect of prior periods	<u>(193)</u>	<u>195</u>
Total deferred tax	<u>(152)</u>	<u>404</u>
Tax on profit/(loss)	<u>(795)</u>	<u>(1,193)</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

9. Income tax credit (continued)

b) Tax income included in other comprehensive income

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Deferred tax:		
Origination and reversal of timing differences	22	(81)
Total tax expense/(income) included in other comprehensive income	22	(81)

c) Tax charge for the year is lower (9 months of 2018: lower credit) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (31 December 2018: 19%). The differences are explained below:

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Profit/(loss) before taxation	55,504	(119,276)
Profit/(loss) before taxation multiplied by the standard rate of tax in the UK of 19% (2018:19%)	10,546	(22,662)
Effects of:		
Income not taxable for tax purposes	(32,503)	(1,642)
Remeasurement of deferred tax – change in UK tax rate	(4)	(24)
Adjustments to tax charge in respect of prior periods	(45)	131
Expenses not deductible for tax purposes	21,211	23,004
Tax credit	(795)	(1,193)

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

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

10. Investments

	Shares in Subsidiaries £ 000	Shares in Joint Venture £ 000	Total £ 000
Cost			
At 1 January 2019	366,178	2,012	368,190
Additions for the year due to new acquisition	176,776	8,559	185,335
Additions for the year due to re-organisation	81	-	81
Disposals for the year due to re-organisation	(81)	-	(81)
Disposals for the year	(71,798)	-	(71,798)
At 31 December 2019	471,156	10,571	481,727
Impairment			
At 1 January 2019	(170,970)	(627)	(171,597)
At 31 December 2019	(170,970)	(627)	(171,597)
Carrying amount			
At 31 December 2018	195,208	1,385	196,593
At 31 December 2019	300,186	9,944	310,130

Details of the principal investments in which the company held more than a 20% participating interest during the year 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 2019	31 December 2018
KW Nuclear Components Co. LTD	Nuclear activities	9th Floor, Songam Building 246 Yangjae-daero Seocho-gu, Seoul 137-170	55%	-
Mangiarotti S.p.A.	Nuclear activities	Via F. Petrarca 10 Z.I. Localito Pannellia 10, Sedegliano, Italy UD 33039	100%	100%
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%
Uranium Asset Management Limited	Nuclear activities	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%
Westinghouse Electric Belgium S.A.	Nuclear activities	Rue De L'Industrie 43 Nivelles, 1400 Belgium	99%	99%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

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 2019	31 December 2018
Westinghouse Electric Canada Inc.	Nuclear activities	Canada Trust Tower 161 Bay Street, 27th Floor PO Box 508 TORONTO CA Canada	100%	100%
Westinghouse Electric Company (China) Limited	Nuclear activities	28 Floor, Tower D, CITC 6A Jianguomenwai Avenue Beijing China	100%	100%
Westinghouse Electric Company UK Limited	Nuclear activities	Springfields, Salwick, Preston PR4 0XJ Great Britain	100%	100%
Westinghouse Electric Czech Republic s.r.o.	Nuclear activities	U Zeměpisného ústavu 505/1 Prague 6 –Bubeneč Czech Republic	99%	99%
Westinghouse Electric Germany GmbH	Nuclear activities	6 Dudenstrasse, Mannheim, Germany, DE68167	100%	100%
Westinghouse Electric India Private Limited	Nuclear activities	Hiranandani Gardens, Powai 402, Sigma, Technology Street Mumbai India	99%	99%
Westinghouse Electric Japan Limited	Nuclear activities	Tennozu First Tower 13F 2-2-4, Higashi Shinagawa Shinagawa-ku, Tokyo Japan	100%	100%
Westinghouse Electrique France S.A.S	Nuclear activities	86 Rue De Paris - BÂT Sequoia - BP7 Orsay Cedex France	99.1%	99.1%
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 Electric Spain, S.A.U.	Nuclear activities	Padilla 17, 3 Planta Madrid, 28006 Spain	100%	100%
Westinghouse Electric Sweden AB	Nuclear activities	Fredholmsgatan 22, Vasteras, Sweden SE72163	100%	-
Westinghouse Technology Services S.A.	Nuclear activities	Padilla 17, 3 Planta Madrid, 28006 Spain	70%	70%
Westron	Nuclear activities	Volodymyrska Street 4, Kiev 01001, Ukraine	60%	-

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

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 2019	31 December 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%

The class of shares held in all subsidiaries is ordinary.

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

Name of indirect subsidiary	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			31 December 2019	31 December 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%
HTR GmbH	Nuclear activities	Oudenstrasse 6, 68167 Mannheim, Germany	50%	50%
Inspection Consultants Limited	Nuclear activities	Springfields, Salwick, Preston, PR4 0XJ, United Kingdom	100%	-
KONTEC Gesellschaft Fur Technische Kommunikation mbH	Nuclear activities	Oudenstrasse 6, 68167 Mannheim, Germany	80%	80%
N.A. Engineering Associates Inc	Nuclear activities	Canada Trust Tower, 161 Bay Street, 27th Floor, PO Box 508, Toronto, CA, Canada	100%	100%
Tenatom S.A. Westinghouse Tech Services S.A. Enusa	Nuclear activities	Avenida Montes de Oca , 1, 28709, San Sebastian de los Reyes, Madrid, Spain	23.1%	23.1%
Wesdyne Sweden AB	Nuclear activities	Kemistvagen 5, Taby, Sweden, 183 22	100%	100%
Westinghouse Electric do Brasil LTDA	Nuclear activities	Rua do Russel 804, Suite 450, Gloria, Rio de Janeiro – RJ, Brazil, 22210-010	100%	100%
Westinghouse Electric Ukraine AB	Nuclear activities	Fredholmmsgatan 22, Vasteras, Sweden SE72163	100%	100%

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

10. Investments (continued)

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

The value of investments increased in the year to £310,130,000 (9 month of 2018: £196,593,000) due to:

- Newly acquired investments in the following companies: Westinghouse Electric Sweden AB £138,584,000 and Westinghouse Electric Germany GmbH £21,611,000 acquired from TSBIE, Westron £3,396,000, and KW Nuclear Components Co. Limited £8,559,000; and
- Additional investments made in the following subsidiary companies: Springfields Fuels Limited £2,959,000 for severance costs, Westinghouse Electric Canada Inc. £10,226,000 for operating costs, and Westinghouse Electric Belgium S.A. £81,000 transferred from Westinghouse Operations Belgium SA;
- Liquidation of TSB (Investments Europe) Limited £71,798,000 and WEC Acquisitions Limited £1 and the merger of Westinghouse Operations Belgium SA £81,000 into Westinghouse Electric Belgium S.A.

To determine whether an impairment of the investments has taken place during the year the recoverable amount of each subsidiary was examined. The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period. The projected cash flows have been updated to reflect the updated demand for products and services. The pre-tax discount rate applied to cash flow projections is 8.02% (31 December 2018: 4.22%) and cash flows beyond the five-year period are extrapolated using a 1.5% growth rate (31 December 2018: 1.6%). 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 not recognised an impairment charge in the current year (9 months of 2018: £105,003,000).

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

11. Deferred tax asset

Deferred tax asset

	31 December 2019 £ 000	31 December 2018 £ 000
Deferred tax liabilities due within 12 months	(8)	(8)
Total liability	<u>(8)</u>	<u>(8)</u>
Deferred tax assets due after 12 months	1,210	1,080
Total asset	<u>1,210</u>	<u>1,080</u>
Total deferred tax asset	<u>1,202</u>	<u>1,072</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

11. Deferred tax asset (continued)

Deferred tax assets/ (liabilities)	Tax losses £ 000	Pension/ provision £ 000	Corporate interest restriction £ 000	Derivatives £ 000	Total £ 000
At 1 April 2018	<u>257</u>	<u>832</u>	<u>237</u>	<u>69</u>	<u>1,395</u>
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	<u>1,257</u>	<u>(550)</u>	<u>304</u>	<u>61</u>	<u>1,072</u>
Charged/(credited) to the income statement	19	(34)	175	(8)	152
Charged directly to other comprehensive income	-	(22)	-	-	(22)
At 31 December 2019	<u>1,276</u>	<u>(606)</u>	<u>479</u>	<u>53</u>	<u>1,202</u>

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

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

12. Debtors

	31 December 2019 £ 000	31 December 2018 £ 000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings (net of provisions)	107,065	67,813
Amounts owed by group undertakings (net of provisions)	39	30,042
Corporation tax	115	816
Other taxes	638	444
	<u>107,857</u>	<u>99,115</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary undertakings (net of provisions)	<u>5,815</u>	<u>6,150</u>
	<u>113,672</u>	<u>105,265</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

12. Debtors (continued)

Amounts owed by subsidiary and group undertakings disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Within amounts owed by subsidiary and group undertakings are several loans provided to WEC Holdings' European subsidiaries with an outstanding gross principle value of £119,270,000 (2018: £76,924,000) and outstanding gross accrued interest of £964,000 (2018: £485,000). These are repayable on demand. A provision for doubtful debt has been made in the year for two of the intercompany loans. A loan to Managiarotti S.p.A. for EUR 34,000,000 plus interest of EUR 362,000 (totaling £29,219,000) and one to Westinghouse Electric Company UK Limited for £10,100,000 plus interest of £71,000 (totaling £10,171,000) (note 4).

The remaining amount owed by subsidiary and group undertakings due within one year is intercompany recharges £25,046,000 (2018: £17,135,000) and group tax relief £1,214,000 (2018: £3,311,000). These are repayable on demand and no interest is accrued on recharges.

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 (£5,815,000) (2018: €6,800,000 (£6,114,000)). 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 2019, the interest accrued amounted to €nil (£nil) (2018: €40,000 (£36,000)). 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 2019 £ 000	31 December 2018 £ 000
Amounts owed to subsidiary undertakings	249,928	120,762
Amounts owed to group undertakings	45,474	2,928
Derivative financial instruments	2,380	-
Trade creditors	-	285
Amounts owed to Nuclear Decommissioning Authority (NDA)	-	4,817
Accruals and deferred income	201	712
	<u>297,983</u>	<u>129,504</u>

Within amounts owed to subsidiary undertakings are several loans provided by WEC Holdings' European subsidiaries to WEC Holdings with an outstanding principle value of £241,461,000 (2018: £116,534,000) and outstanding accrued interest of £4,480,000 (2018: £1,436,000). Also included is £884,000 (2018: £884,000) owed to Uranium Asset Management Limited for a prior year dividend in specie, £2,773,000 (2018: £1,900,000) owed for defined benefit pension contributions, £8,000 (2018: £8,000) owed to Westinghouse Electric Canada Inc for share capital and £322,000 (2018: £nil) owed to Westinghouse Electric Company UK Limited for severance pay. All the above are repayable on demand.

Within amounts owed to group undertaking are loans with an outstanding principle value of \$47,989,000 (£36,310,000) (2018: \$nil) and outstanding accrued interest of \$1,718,000 (£1,300,000) (2018: \$nil) and £7,864,000 (2018: £2,928,000) owed to WEC LLC for corporate overheads. These are repayable on demand.

The derivative financial instruments £2,380,000 (2018: £nil) is owed to Brookfield WEC EMEA Holdings Limited for the mark to mark fair value of hedge contracts. £2,362,000 to mature in January 2020 and £18,000 to mature in February 2020. They carry no interest.

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

14. Pension asset

Defined contribution pension schemes

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

The Group Pension Scheme (GPS)

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

A full actuarial valuation of the UAM/WEC section was carried out at 31 December 2016 and the company's share of assets and liabilities updated to 31 December 2019 by a qualified independent actuary. There has been a full actuarial valuation during 2019 and the company's ordinary contributions rate increased to 39.2%, with effect from 1 April 2019 to 30 June 2020 and to 47.0% from 1 July 2020, representing regular contributions. In addition the company will contribute an additional one off lump sum of £200,000 to cover the 15 month underpayment reflecting the difference between employer contributions from 1 April 2019 to 30 June 2020. To eliminate the deficit to 31 March 2023, the company will also make monthly contributions of £354,000 per month for the period from 1 October 2020 to 31 March 2021. The company intends to monitor funding levels on a regular basis. The next valuation is due 31 December 2022.

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

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 2019	31 December 2018
	£ 000	£ 000
Equity instruments	10,824	9,455
Debt instruments	28,865	27,075
Real estate	2,375	2,083
Cash and cash equivalents	274	167
Other	3,334	2,874
	<hr/>	<hr/>
Fair value of scheme assets	45,672	41,654
Present value of scheme liabilities	(42,106)	(38,417)
	<hr/>	<hr/>
Defined benefit pension scheme surplus	3,566	3,237

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

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

14. Pension asset (continued)

Defined benefit pension schemes (continued)

Amounts recognised in the profit and loss account

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Amounts recognised in operating loss		
Current service cost	(860)	(730)
Past service cost – plan amendments	-	(38)
Past service cost – curtailments	(314)	(281)
Recognised in arriving at operating loss	<u>(1,174)</u>	<u>(1,049)</u>
Amounts recognised in finance income or costs		
Interest income on pension scheme assets	1,224	959
Interest expense on defined benefit obligations	(1,109)	(866)
Net interest income	<u>115</u>	<u>93</u>
Defined benefit cost recognised in the profit and loss account	<u>(1,059)</u>	<u>(956)</u>

Amounts taken to the statement of comprehensive income

	12 months to 31 December 2019 £ 000	9 months to 31 December 2018 £ 000
Effects of changes in liability experience	505	456
Effects of changes in financial assumptions	2,750	(831)
Return on plan assets, excluding amounts included in interest expense	(3,386)	852
Total re-measurements recognised in the statement of comprehensive income	<u>(131)</u>	<u>477</u>

Principal actuarial assumptions

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

	31 December 2019 %	31 December 2018 %
Discount rate	2.05	2.90
Rate of salary increase	1.85	2.60
Rate of price inflation	2.85	3.10
Rate of pension increases/deferred increases	2.85	3.10

Post retirement mortality assumptions

	31 December 2019 Years	31 December 2018 Years
Assumed life expectations on retirement at age 65:		
Current UK pensioners at retirement age (male/female)	21.5 / 23.4	21.9 / 23.8
Retiring in 20 years UK pensioners at retirement age (male/female)	<u>22.8 / 24.9</u>	<u>22.9 / 25.0</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

14. Pension asset (continued)

Defined benefit pension schemes (continued)

Sensitivity analysis

The following table shows a sensitivity analysis of the significant actuarial assumptions as at 31 December 2019:

	Sensitivity analysis	Effect on defined benefit obligation
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 % decrease	-2.1 %
Mortality	Increase of 1 year in expected lifetime of plan participants	+3.4 %

Scheme liabilities

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

	31 December 2019 £ 000	31 December 2018 £ 000
Present value at start of the year	38,417	43,344
Current service cost	860	730
Past service cost – plan amendments	-	38
Past service cost - curtailments	314	281
Effects of changes in demographic assumptions	(777)	-
Effects of changes in liability experience	505	456
Effects of changes in financial assumptions	3,527	(831)
Interest expense	1,109	866
Benefits paid from plan assets	(1,942)	(6,545)
Participants' contribution	93	78
Present value at end of the year	<u>42,106</u>	<u>38,417</u>

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

Scheme assets

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

	31 December 2019 £ 000	31 December 2018 £ 000
Fair value at start of the year	41,654	47,011
Interest income	1,224	959
Return on plan assets, excluding amounts included in interest income	3,386	(852)
Employer contributions	1,257	1,003
Benefits paid from plan assets	(1,942)	(6,545)
Participants' contributions	93	78
Fair value at end of the year	<u>45,672</u>	<u>41,654</u>

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued) For the year ended 31 December 2019

14. Pension asset (continued)

Defined benefit pension schemes (continued)

Analysis of obligation

	31 December 2019 £ 000	31 December 2018 £ 000
Defined benefit obligation by status:		
Actives	19,641	24,018
Vested deferred	15,946	8,026
Retirees	<u>6,519</u>	<u>6,373</u>
	<u>42,106</u>	<u>38,417</u>

Actual return on plan assets

	31 December 2019 £ 000	31 December 2018 £ 000
Actual return on plan assets	<u>4,610</u>	<u>107</u>

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

15. Called up share capital

Allotted, called up and fully paid up shares:

	31 December 2019 No.	31 December 2019 £ 000	31 December 2018 No.	31 December 2018 £ 000
Ordinary shares of £1 each	<u>35,571,122</u>	<u>35,571</u>	<u>35,571,122</u>	<u>35,571</u>

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

16. Controlling party

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

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

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

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

Westinghouse Electric UK Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 December 2019

17. Contingent liabilities

The company has no contingent liabilities under the Companies Act 2006 Section 394 or 479. The company is a guarantor for the ABL facility which provides funding to WEC LLC. WEC LLC has the capacity to borrow from the ABL to provide LFM loans to WEC Holdings and its subsidiaries. As at 31 December 2019 there were no outstanding borrowings on this facility.

18. Post balance sheet events

Par-TZ Nuclear Company Limited was liquidated on 13 January 2020, resulting in a loss on disposal of £1,385,000.

At 31 December 2019 WEC Holdings had provided for two intercompany loans to Mangiarotti S.p.A and Westinghouse Electric Company UK Limited amounting to £39,390,000 (note 4). WEC Holdings has continued to fully provide for any loans provided to these companies since the year end.

On 10 June 2020, WEC Holdings unconditionally waived its right to the reimbursement of outstanding LFM loan principle and interest amounting to €53,838,000 (£48,226,000) by Mangiarotti S.p.A. and it intends to continue to providing adequate financial support to ensure Mangiarotti's operations and level of net equity is in compliance with the applicable provisions of Italian laws.

On 30 September 2020, WEC Holdings restored the balance sheet solvency of Westinghouse Electric France S.A.S to be compliant with French capital maintenance requirements. WEC Holdings completed a debt to equity swap for two outstanding loans amounting to £88,694,000.

As described in the Strategic report on page 3, a significant event that has occurred after the end of the reporting year is the global COVID-19 pandemic. The financial impact on the company has been minimal as it is a holding company with limited activity. However, this potentially could have an impact on dividends declared by the subsidiaries and their funding requirements. To mitigate this the company has access to cash resources to support ongoing operations and the company and its subsidiaries maintain robust cash flow forecasts to monitor the situation. It is considered a non-adjusting post balance sheet event as the conditions did not exist at the balance sheet date.

No other items requiring adjustment or disclosure have occurred between the 31 December 2019 reporting date and the date of authorisation.