

Registered number: 03162046

## Uranium Asset Management Limited

Annual report and financial statements

for the period ended 31 December 2018

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# Uranium Asset Management Limited

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# Uranium Asset Management Limited

## Company information

<b>Directors</b>	Angela Darkey
<b>Company secretary</b>	Fiona A Houghton
<b>Registered office</b>	Springfields Salwick Preston Lancashire PR4 0XJ United Kingdom
<b>Independent Auditors</b>	Deloitte LLP 2 Hardman Street Manchester M3 3HF
<b>Bankers</b>	Barclays Bank Plc 1 Churchill Place London E14 5HP

# Uranium Asset Management Limited

## Strategic report

The director presents her Strategic report for the period ended 31 December 2018.

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

### Principal activities and fair review of the business

The company is a wholly owned subsidiary of Westinghouse Electric UK Holdings Limited whose ultimate parent company is Brookfield Asset Management Inc.

The company's principal activities during the period have been:

- the management and control of Westinghouse complex uranium inventories including valuation and ownership visibility;
- managing the uranium supply chain between enrichers and fuel fabrication sites;
- the provision of expert advice and support for Westinghouse front end commercial uranium activities; and
- the supply of Enriched Uranium to support working stock requirements for the Westinghouse fuel fabrication facilities.

On 1 August 2018, Toshiba Corporation completed its sale of Westinghouse Electric Company LLC (WEC LLC), including Uranium Asset Management Limited, to Brookfield Business Partners LP. As part of the process to exit Chapter 11 and to facilitate the sale a restructuring plan was executed.

The restructuring plan with respect to Uranium Asset Management Limited provided a capital contribution of \$291,451,000. The majority of this, \$291,437,000, was from the debt to equity conversion of an investment loan from BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited) and then the shares being cancelled. \$14,000 was from WEC LLC cancelling intercompany payables.

A further capital contribution, \$2,787,000 came from Westinghouse Electric Holdings UK Limited settling a hedge contract on behalf of Uranium Asset Management Limited.

Exceptional items include the cancellation of the company's claim for the default of the Bank Mendes Gans NV cash pooling arrangement, \$200,014,000, and the reversal of the provision that was made in previous years.

The company has funding available through its parent Westinghouse Electric UK Holdings Limited's arrangements, the Liquidity Funding Mechanism (LFM).

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

	<b>9 months to 31 December 2018</b>	12 months to 31 March 2018	% Change increase/ (decrease)
	<b>\$ 000</b>	\$ 000	
Turnover	<b>20,715</b>	-	-
Operating (loss)/profit	<b>(711)</b>	3,179	(122.4%)
Profit/(loss) for the financial period	<b>15,047</b>	(24,219)	(162.1%)
Total shareholders' surplus/(deficit)	<b>148,703</b>	(160,582)	(192.6%)
Current assets to current liabilities ratio	<b>114:1</b>	24:1	375.0%

Turnover has increased to \$20,715,000 (2017/18: \$nil) due to the sale of uranium. In the period there was a net operating loss of \$711,000 (2017/18: profit of \$3,179,000). The loss occurred due to an exchange loss on the settled hedge contract.

The company has secured long-term commitments with orders confirmed of \$118,867,000 for the sale of surplus uranium up to 2020.

Internally, the company reports into the Nuclear Fuel product line business segment for all uranium matters and drives efficiencies by continually improving effective business processes and commercial practices.

# Uranium Asset Management Limited

## Strategic report (continued)

### Principal activities and fair review of the business (continued)

The company's foremost objective is safety and it continues to strive for zero accidents. There were no safety incidents recorded in the period (2017/18: nil).

### Results and dividends

The profit for the period amounted to \$15,047,000 (2017/18: loss \$24,219,000). The director does not recommend the payment of a dividend (2017/18: \$nil).

### Principal risks and uncertainties

During the period to December 2018 market price perceptions improved significantly amid a better supply to demand balance. Upward pressure pushed the uranium market spot prices higher. The uranium spot price settled at \$27.00 per pound U3O8 at the end of December 2018 (2017/18: \$21.00). The uranium price has gained over 28 percent of its value in just 9 months. The conversion spot market value at the end of December 2018 was \$13.75 per kgU as UF6 based on an average of the North American and European prices (2017/18: \$7.00). The Separative Work Units (SWU) spot market value period end price was \$40.00 per SWU (2017/18: \$36.00). The company continues to monitor the market value against the book valuation of uranic stock.

Whilst there is always a material risk the market prices of uranium could fall, the director's opinion is that this does not currently present a significant risk to the company under current market conditions due to the stock being categorised as follows:

- Stock that is locked into future sales contracts. The net realisable value (NRV) of the material is higher than book value;
- Leased working stock that is on long-term loan to Westinghouse Electric Sweden AB. The market value of the material is higher than book value.

The company is continually assessing the implications of the UK leaving the European Union (EU) which is planned for 31 October 2019. The main risks to the company are that trading agreements with countries outside of the UK and VAT concessions may be affected. Subsequently this could impact sales. At the date of signing, the terms of leaving the EU have not been decided nor agreed, however the company will continue to monitor the situation to mitigate any negative impacts on the business.

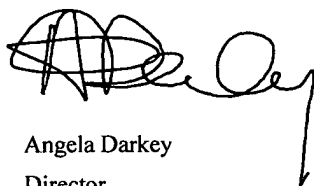
### Future developments

The director is continually reviewing the strategic options available in the front end nuclear fuel cycle for growth opportunities that provide value for Westinghouse.

Going forward the company's business will include:

- responsibility for all front end commercial uranium activities on behalf of Westinghouse including taking title to uranium material;
- marketing and sales of natural and enriched uranium product and lease management;
- executing uranium exchanges and trades, generating value for the customer and shareholder;
- delivering value based, complete fuel cycle supply alternatives for emerging markets and facilitating various commission based transactions.

Approved and signed by the director on 20/9/2019:



Angela Darkey  
Director

# Uranium Asset Management Limited

## Directors' report

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

### Directors

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

Linda Aylmore (resigned 15 March 2019)  
Angela Darkey

The company maintains Directors and Officers liability insurance covering the defense costs of civil legal proceedings and the damages from the unsuccessful defense of such proceedings except in each case to the extent that a director or officer acted fraudulently or dishonestly.

### Strategic report

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

### Financial risk management objectives and policies

#### *Financial instruments*

The company's financial instruments comprise of cash that arises directly from its operations and short-term loans. 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 from group undertakings. Interest rates in respect of group undertakings are in accordance with Westinghouse treasury policies.

#### *Foreign currency risk*

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

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

#### *Liquidity risk*

The company operates independent bank accounts locally and has the ability to lend and borrow cash through the LFM financing arrangement with Westinghouse Electric UK Holdings Limited, subject to various limitations.

### Research and development

The company does not engage in research and development activities.

### Political donations

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

# Uranium Asset Management Limited

## Directors' report (continued)

### 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.

### Going concern

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

The restructuring plan has put the company in a net asset position at 31 December 2018 and has strengthened the company's ability to continue to operate as a going concern.

*The company can receive funding from Westinghouse Electric UK Holdings Limited through the LFM.*

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from signing and continues to adopt the going concern basis in preparing the annual report and financial statements.

### Dividends

The director does not recommend the payment of a dividend (2017/18: \$nil).

### Events after the balance sheet date

Events after the balance sheet date can be found in note 23.

### Independent Auditors

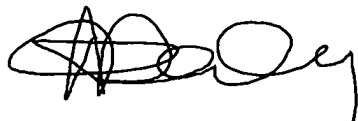
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

A resolution to appoint independent auditors in accordance with section 485 of the Companies Act 2006 will be put to the members at the Annual General Meeting.

Approved and signed by the director on 20/9 2019:



Angela Darkey

Director

## Uranium Asset Management Limited

### Statement of directors' responsibilities in respect of the financial statements

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

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

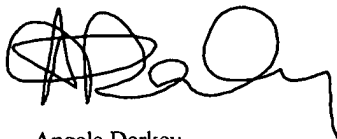
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable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

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

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

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

Approved and signed by the director on 20/9 2019:



Angela Darkey  
Director



# Uranium Asset Management Limited

## Independent auditors' report to the members of Uranium Asset Management Limited

### Report on the audit of the financial statements

#### Opinion

In our opinion the financial statements of Uranium Asset Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31/12/2018 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of total comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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.

## **Uranium Asset Management Limited**

### **Independent auditors' report to the members of Uranium Asset Management 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](http://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.

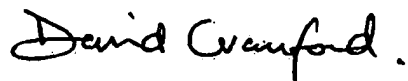
We have nothing to report in respect of these matters.

## **Uranium Asset Management Limited**

### **Independent auditors' report to the members of Uranium Asset Management Limited (continued)**

#### **Use of our report**

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



David Crawford CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Manchester, United Kingdom  
23 September 2019

## Uranium Asset Management Limited

### Statement of total comprehensive income For the period ended 31 December 2018

	Note	9 months to 31 December 2018 \$ 000	12 months to 31 March 2018 \$ 000
Turnover	4	20,715	-
Cost of sales		<u>(17,537)</u>	<u>-</u>
<b>Gross profit</b>		<b>3,178</b>	<b>-</b>
Other operating (expense)/income		(4,484)	3,851
Exceptional items	5	<u>595</u>	<u>(672)</u>
<b>Operating (loss)/profit</b>	6	<u>(711)</u>	<u>3,179</u>
Interest and similar income and expense	9	<u>18,544</u>	<u>(32,704)</u>
<b>Profit/(loss) before taxation</b>		<b>17,833</b>	<b>(29,525)</b>
Tax on profit/(loss)	10	<u>(2,786)</u>	<u>5,306</u>
<b>Profit/(loss) for the financial period</b>		<u><b>15,047</b></u>	<u><b>(24,219)</b></u>

The above results were derived from continuing operations.

There has been no other comprehensive income during either 2018 or 2017 other than as disclosed in the profit and loss account and therefore no separate statement of total comprehensive income has been presented.

## Uranium Asset Management Limited

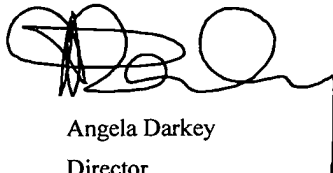
### Balance sheet As at 31 December 2018

	Note	31 December 2018 \$ 000	31 March 2018 \$ 000
<b>Non-current assets</b>			
Deferred tax asset	16	<u>1,870</u>	<u>5,953</u>
<b>Total non-current assets</b>		<b>1,870</b>	<b>5,953</b>
<b>Current assets</b>			
Stocks	12	117,410	134,880
Debtors: amounts falling due within one year	13	29,718	5,120
Cash at bank and in hand		<u>1,000</u>	<u>5,380</u>
<b>Total current assets</b>		<b>148,128</b>	<b>145,380</b>
<b>Creditors: amounts falling due within one year</b>	14	<u>(1,295)</u>	<u>(6,135)</u>
<b>Net current assets</b>		<b>146,833</b>	<b>139,245</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>-</u>	<u>(305,780)</u>
<b>Net assets/(liabilities)</b>		<b>148,703</b>	<b>(160,582)</b>
<b>Capital and reserves</b>			
Called up share capital	17	74,909	74,909
Foreign currency translation reserve	19	(21,247)	(21,247)
Profit and loss account		<u>95,041</u>	<u>(214,244)</u>
<b>Total shareholders' funds/(deficit)</b>		<b>148,703</b>	<b>(160,582)</b>

The notes on pages 13 to 28 are an integral part of these financial statements.

The financial statements of Uranium Asset Management Limited (registration number: 03162046) on pages 10 to 28 were approved by the director and authorised for issue on 20/9/ 2019.

They were signed on its behalf by:

  
Angela Darkey  
Director

## Uranium Asset Management Limited

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

	Called up share capital \$ 000	Foreign currency translation reserve \$ 000	Profit and loss account \$ 000	Total shareholders' funds/(deficit) \$ 000
<b>At 1 April 2017</b>	74,909	(21,247)	(213,367)	(159,705)
Loss for the year	-	-	(24,219)	(24,219)
Total comprehensive expense for the year	-	-	(24,219)	(24,219)
Capital contribution	-	-	23,342	23,342
<b>At 31 March 2018</b>	74,909	(21,247)	(214,244)	(160,582)
Profit for the period	-	-	15,047	15,047
<b>Total comprehensive income for the period</b>	-	-	15,047	15,047
Capital contribution	-	-	294,238	294,238
<b>At 31 December 2018</b>	<b>74,909</b>	<b>(21,247)</b>	<b>95,041</b>	<b>148,703</b>

# Uranium Asset Management Limited

## Notes to the financial statements For the period ended 31 December 2018

### 1. General information

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

The address of its registered office is:

Springfields  
Salwick  
Preston  
Lancashire  
PR4 0XJ

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

The financial statements are prepared in accordance with the requirements of the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and applicable accounting standards because the company is a member of a group where the parent of the group (Brookfield Asset Management Inc, a company incorporated in Canada) prepares publicly available consolidated financial statements in which the results of the company are consolidated (Note 20). The financial year end of the company was changed from 31 March to 31 December so as to be coterminous with the year end of its ultimate holding company. Accordingly, the current financial statements are prepared for 9 months from 1 April 2018 to 31 December 2018 and as a result, the comparative figures stated in the income statement, statement of changes in equity, balance sheet and the related notes are not comparable. The financial statements are prepared under the historical cost convention, except, where stated in the accounting policies, in accordance with applicable Financial Reporting Standards 101 Reduced Disclosure.

### 2. Accounting policies

#### Summary of significant accounting policies

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

#### Basis of accounting

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

#### New standards, amendments and IFRIC interpretations

IFRS 9 and IFRS 15 are new accounting standards that are effective for the period ended 31 December 2018 and have had no material impact upon the reported numbers (note 25). There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 December 2018, that have had a material impact on the company.

# Uranium Asset Management Limited

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

### 2. Accounting policies (continued)

#### 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 20).

- 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 accounts have not been presented;
- the requirements of IFRS 7 Financial Instruments: Disclosures, the categories of financial instrument and nature and extent of risks arising on these financial instruments have not been detailed;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement, the valuation techniques applied to assets and liabilities held at fair value have not been disclosed;
- the requirements of paragraph 10(f) of IAS 1 Presentation of Financial Statements, a 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 as described in the Strategic report on pages 2 to 3.

The restructuring plan has put the company in a net asset position at 31 December 2018 and has strengthened the company's ability to continue to operate as a going concern.

The company can receive funding from Westinghouse Electric UK Holdings Limited through the LFM.

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for 12 months from signing and continues to adopt the going concern basis in preparing the annual report and financial statements.

#### Stocks

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

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



# Uranium Asset Management Limited

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

### 2. Accounting policies (continued)

#### **Exceptional items**

The company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

#### **Revenue recognition**

The entity recognises revenue as follows:

##### ***Revenue from contracts with customers***

Revenue is measured at the fair value of the consideration received or receivable, and represents the amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer and the customer has control of these.

The majority of the company's revenue is derived from long term contracts that can span several years. The company's accounting policy has been updated to align with IFRS 15 and no significant changes to revenue recognition have occurred as a result of the change. Under IFRS 15, a contract with a customer is an agreement which both parties have approved, that creates enforceable rights and obligations, has commercial substance and where payment terms are identified and collectability is probable.

Once the company has entered a contract, it is evaluated to identify performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation within that contract and recognised as revenue when, or as, the performance obligation is satisfied. Contracts can have a single performance obligation, as the promise to transfer the individual goods or service is not separately identifiable from other promises in the contracts and is therefore not distinct. Some of our contracts have multiple performance obligations whereby we allocate the contract's transaction price to each performance obligation using our best estimate of the standalone selling price of each distinct good or service in the contract.

##### ***Sale of goods***

The company's revenue is from the sale of uranium and revenue is recognized at a point in time, when the customer obtains control of the asset which is upon delivery or book transfer.

##### ***Rendering of services***

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

##### ***Interest***

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

##### ***Other revenue***

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

# Uranium Asset Management Limited

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

### 2. Accounting policies (continued)

#### Current and deferred tax

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

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

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. Exchange differences are taken to the profit and loss account.

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

#### 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.

# Uranium Asset Management Limited

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

### 2. Accounting policies (continued)

#### Investments and other financial assets (continued)

##### *Classification of financial assets*

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

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

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

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

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

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

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

##### *Financial assets at fair value through profit or loss*

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

##### *Financial assets at fair value through other comprehensive income*

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

##### *Impairment of financial assets*

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

The company has historically had no bad debts except for the Chapter 11 filing. The historical loss information for intercompany balances within the group does not indicate any pattern to establish any loss ratio and any defaults are very rare and specific. In the absence of any established relationship between intercompany balances and default, it is reasonable to monitor the total balance of receivable on reporting dates and determine the amounts collected/not collected for impairment using forecast position. The entity's reasonable and supportable forecasts as of 31 December 2018 indicate that these balances are expected to be paid by other group undertakings.

The company has no external trade debtors.

# Uranium Asset Management Limited

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

### 2. Accounting policies (continued)

#### Financial liabilities and equity

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

#### Equity instruments

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

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

#### Other financial liabilities

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

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

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

### 3. Critical accounting judgements and key sources of estimation uncertainty

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

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

#### Critical judgements in applying the company's accounting policies

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

#### Key sources of estimation uncertainty

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

#### (i) *Deferred Tax*

The company has recognised a deferred tax asset (note 16) which requires judgement for determining the extent of recoverability at each reporting date. The company assesses the recoverability with reference to forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Where the temporary differences are related to losses, relevant law is considered to determine the availability of the losses to offset against the future taxable profits.

# Uranium Asset Management Limited

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

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

#### Key sources of estimation uncertainty (continued)

##### (ii) Inventories write-down

Inventories write-down is provided based on their net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less cost to completion and selling expenses.

##### (iii) Brexit

The company has taken steps to identify and determine risk strategies for the UK leaving the EU and these are detailed in Principal risks and uncertainties in the Strategic report on page 3.

### 4. Turnover

#### Disaggregation of Turnover

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

An analysis of the company's turnover by geographical market is set out below.

	<b>9 months to 31 December 2018</b>	<b>12 months to 31 March 2018</b>
	<b>\$ 000</b>	<b>\$ 000</b>
North and South America	<u>20,715</u>	<u>-</u>
	<u><b>20,715</b></u>	<u><b>-</b></u>

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

	<b>Project Management Services</b>
	<b>\$ 000</b>
Point in time	20,715
Overtime	<u>-</u>
	<u><b>20,715</b></u>

#### Contract Balances

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

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

	<b>\$ 000</b>
At 1 April 2018	50
Revenue recognised that was included in the contract liability balance at the beginning of the period	-
Increases due to cash received, excluding amounts recognised as revenue during the period	<u>559</u>
<b>As at 31 December 2018</b>	<u><b>609</b></u>

The contract liability balance is mainly for interest charges for the lease of uranic material.

## Uranium Asset Management Limited

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

#### 5. Exceptional items

	9 months to 31 December 2018 \$ 000	12 months to 31 March 2018 \$ 000
Continued operations:		
Release provision for recoverability of intercompany debtor (note 13)	200,014	672
Cancellation of intercompany receivables (note 13)	(200,014)	-
Restructuring costs	(513)	-
Forgiveness of loan accrued interest	1,108	-
	<u>595</u>	<u>672</u>

Exceptional items include the cancellation of the company's claim for the default of the Bank Mendes Gans NV cash pooling arrangement, \$200,014,000, and the reversal of the provision that was made in previous years.

The interest accrued in the period on the investment loan from BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited), of \$1,108,000, was forgiven at the time of the debt to equity swap.

Restructuring costs of \$513,000 were mainly consultancy, legal and professional fees relating to the restructuring plan.

The net cash flow effect of all the above items was a cash outflow of \$513,000. The tax impact was \$113,000.

#### 6. Operating (loss)/profit

Operating (loss)/profit for the period has been arrived at after (crediting)/charging:

	9 months to 31 December 2018 \$ 000	12 months to 31 March 2018 \$ 000
Cost of sales	17,537	-
Other external and operating charges	490	731
Auditors' remuneration for the auditing of the financial statements	58	52
Foreign exchange loss/(gains) on settled transactions	3,936	(4,634)
Exceptional items (note 5)	<u>(595)</u>	<u>672</u>

There are no none audit fees included within Auditors' remuneration.

#### 7. Directors' remuneration

Angela Darkey is an employee of Westinghouse Electric UK Holdings Limited and emoluments relating to services as a director of the company were recharged to Advance Uranium Asset Management Limited as per the service level agreement. Linda Aylmore was remunerated by Westinghouse Electric Company UK Limited and has received no emoluments during the period in respect of her services as a director of the company. The Director was member of the CNPP to 31 December 2018.

#### 8. Employee costs

There are no persons employed under contract of service (2017/18: nil).

## Uranium Asset Management Limited

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

#### 9. Interest and similar income and expense

Interest income and similar income:

	<b>9 months to 31 December 2018 \$ 000</b>	12 months to 31 March 2018 \$ 000
Interest receivable from group undertakings	1,715	1,613
Unrealised foreign exchange gains on unsettled balances	<u>17,969</u>	<u>-</u>
	<u><b>19,684</b></u>	<u><b>1,613</b></u>

Interest payable and similar expense:

	<b>9 months to 31 December 2018 \$ 000</b>	12 months to 31 March 2018 \$ 000
Interest payable to group undertakings	(1,139)	(2,721)
Bank charges	(1)	(1)
Unrealised foreign exchange losses on unsettled balances	<u>-</u>	<u>(31,595)</u>
	<u><b>(1,140)</b></u>	<u><b>(34,317)</b></u>

Net interest income and expense:

	<b>9 months to 31 December 2018 \$ 000</b>	12 months to 31 March 2018 \$ 000
Interest income and similar income	19,684	1,613
Interest payable and similar expense	<u>(1,140)</u>	<u>(34,317)</u>
	<u><b>18,544</b></u>	<u><b>(32,704)</b></u>

## Uranium Asset Management Limited

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

#### 10. Tax on profit/(loss)

a) Tax charge/(credit) included in profit and loss

	9 months to 31 December 2018 \$ 000	12 months to 31 March 2018 \$ 000
<b>Current tax:</b>		
UK corporation tax on profits for the period	1,213	-
Adjustments in respect of prior periods	<u>(2,149)</u>	<u>(658)</u>
Total current tax	(936)	(658)
<b>Foreign tax</b>		
Foreign tax on income for the period	85	519
Adjustments in respect of prior periods	<u>(446)</u>	<u>(102)</u>
Total foreign tax	(361)	417
<b>Deferred tax (note 16)</b>		
Origination and reversal of timing differences	1,979	(4,982)
Adjustments in respect of prior periods	<u>2,104</u>	<u>(83)</u>
Total deferred tax	4,083	(5,065)
<b>Tax charge/(credit) for the period</b>	<u>2,786</u>	<u>(5,306)</u>

The tax on result before taxation for the period is lower than (2017/18: higher than) the standard rate of corporation tax in the UK of 19% (2017/18: 19%).

	9 months to 31 December 2018 \$ 000	12 months to 31 March 2018 \$ 000
Profit/(loss) before taxation	<u>17,833</u>	<u>(29,525)</u>
Profit/(loss) multiplied by the standard rate of tax in the UK of 19% (2017/18: 19%)	3,388	(5,610)
Effects of:		
Foreign tax suffered	85	519
Re-measurement of deferred tax	(225)	599
Other deferred taxes adjustments	66	-
Current tax exchange difference arising on movement between opening and closing spot rates	36	-
Adjustments in respect of prior periods	(492)	(843)
Expenses not deductible for tax purposes	<u>(72)</u>	<u>29</u>
Tax charge/(credit)	<u>2,786</u>	<u>(5,306)</u>

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

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.



## Uranium Asset Management Limited

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

#### 11. Investments

Details of the company's investments as at 31 December 2018 are as follows:

Name of associate	Principal activity	Place of incorporation and registered office	Class of share	Proportion of ownership interest and voting rights held	
				31 December 2018	31 March 2018
Advance Uranium Asset Management Limited	Nuclear Activities	Springfields, Salwick, Preston, PR4 0XJ, United Kingdom	Ordinary	40%	40%

The investment was fully provided for in the year ended 31 March 2016.

#### 12. Stocks

	31 December 2018 \$ 000	31 March 2018 \$ 000
Raw materials and consumables	<u>117,410</u>	<u>134,880</u>

The replacement value of stocks is valued at \$140,766,000 (2017/18: \$116,633,000) as per Tradetech published spot prices. Its net recoverable value is greater than its book value and therefore no provision is recognised. Stocks are stated after provisions for impairment of \$nil (2017/18: \$nil).

#### 13. Debtors: amounts falling due within one year

	31 December 2018 \$ 000	31 March 2018 \$ 000
Amounts owed by group undertakings	28,169	2,976
Corporation tax	1,146	485
Other debtors (note 18)	-	1,441
Prepayments	16	-
Other taxes	<u>387</u>	<u>218</u>
	<u>29,718</u>	<u>5,120</u>

Amounts owed by group undertakings includes two LFM loans to Westinghouse Electric UK Holdings Limited, that were given during the period, for \$6,536,000 and \$19,243,000, plus accrued interest of \$53,000 and \$144,000 respectively. Interest on both loans is charged at a rate of 3 months LIBOR plus 225bps. The loans are repayable on demand. At 31 March 2018 there were no LFM loans.

Westinghouse Electric UK Holdings Limited owes \$1,134,000 (2017/18: \$1,099,000) for the pension asset transferred on 31 March 2017. There is an intercompany tax debtor of \$997,000 (2017/18: \$1,877,000) and trade debtors of \$62,000.

Within amounts owed by group companies was a claim to WEC LLC for \$200,014,000 for the company's cash pool balance and other receivables. This was fully provided for at 31 March 2018. During the period the receivables were cancelled and the provision released (note 5).

## Uranium Asset Management Limited

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

#### 14. Creditors: amounts falling due within one year

	31 December 2018 \$ 000	31 March 2018 \$ 000
Amounts owed to group undertakings	624	5,996
Accruals and deferred income	<u>671</u>	<u>139</u>
	<u><b>1,295</b></u>	<u><b>6,135</b></u>

Amounts owed to group undertakings includes \$60,000 to BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited) for group tax relief, payable on demand, and recharges from Advance Uranium Asset Management Limited \$415,000 (2017/18: \$1,218,000), WEC LLC \$32,000 (2017/18: \$15,000), Westinghouse Electric UK Holdings Limited \$115,000 (2017/18: \$348,000), and Springfields Fuels Limited \$2,000 (2017/18: \$38,000). The recharges are paid according to normal trading terms.

The prior year amount owed to group undertakings also included \$4,377,000 of accrued interest on an unsecured funding loan from BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited). This loan was cancelled as part of a debt to equity conversion under the restructuring plan implemented to exit Chapter 11 on 1 August 2018.

#### 15. Creditors: amounts falling due after more than one year

	31 December 2018 \$ 000	31 March 2018 \$ 000
Amounts owed to group undertakings	<u>-</u>	<u>305,780</u>

In the prior year amounts owed to group undertakings comprised an unsecured funding loan from BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited). This loan was cancelled as part of a debt to equity conversion under the restructuring plan implemented to exit Chapter 11 on 1 August 2018.

#### 16. Deferred tax asset

	31 December 2018 \$ 000	31 March 2018 \$ 000
Deferred tax assets due within 12 months	<u>1,156</u>	<u>5,173</u>
Total asset due within 12 months	<u><b>1,156</b></u>	<u><b>5,173</b></u>
Deferred tax assets due after 12 months	<u>714</u>	<u>780</u>
Total asset due after 12 months	<u><b>714</b></u>	<u><b>780</b></u>
Total deferred tax asset	<u><b>1,870</b></u>	<u><b>5,953</b></u>
Total asset	<u><b>1,870</b></u>	<u><b>5,953</b></u>

## Uranium Asset Management Limited

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

#### 16. Deferred tax asset (continued)

##### Deferred tax assets/(liabilities)

	Provision \$ 000	Tax losses \$ 000	Revaluation of derivative financial liabilities \$ 000	Total \$ 000
At 1 April 2017	-	-	888	888
Credited/(charged) to the income statement	(79)	5,252	(108)	5,065
Credited directly to other comprehensive income	-	-	-	-
At 31 March 2018	<u>(79)</u>	<u>5,252</u>	<u>780</u>	<u>5,953</u>
(Charged)/credited to the income statement	<u>79</u>	<u>(4,096)</u>	<u>(66)</u>	<u>(4,083)</u>
<b>At 31 December 2018</b>	<b><u>-</u></b>	<b><u>1,156</u></b>	<b><u>714</u></b>	<b><u>1,870</u></b>

The director has recognised a deferred tax asset of \$1,870,000 relating to deductible timing differences that are considered to be able to be offset against the company's taxable profits expected to arise in the future accounting periods. Management have based their assessment on the latest budget approved by the board which reflects the improved trading performance discussed in the business review on page 2 to 3. Deferred tax at 31 December 2018 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date and there are no unused tax losses or tax credits.

#### 17. Called up share capital

	31 December 2018 No.	31 December 2018 \$ 000	31 March 2018 No.	31 March 2018 \$ 000
<b>Authorised shares</b>				
Ordinary shares of £1 each	<u>50,000,000</u>	<u>76,885</u>	<u>50,000,000</u>	<u>76,885</u>

##### Allotted, called-up and fully paid shares

	\$ 000	No.
At 1 April 2018 - Ordinary shares of £1 each	74,909	48,715,000
Issue of share capital - Ordinary shares of £0.01 each	290,443	22,130,539,000
Cancellation of share capital - Ordinary shares of £0.01 each	<u>(290,443)</u>	<u>(22,130,539,000)</u>
<b>At 31 December 2018 - Ordinary shares of £1 each</b>	<b><u>74,909</u></b>	<b><u>48,715,000</u></b>

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

The director does not recommend the payment of a dividend (2017/18: \$nil).

# Uranium Asset Management Limited

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

### 18. Derivative financial instruments

In the year ending 31 March 2018 UAM's parent company, Westinghouse Electric UK Holdings Limited, cash collateralised the UAM derivative with the banking institution, due to Westinghouse being in bankruptcy. Subsequently as the derivative had not been terminated at 31 March 2018 the derivative was reflected in UAM's financial statements. The derivative financial liability which related to one hedge was carried at a fair value of \$7,711,000. The asset receivable by Westinghouse Electric UK Holdings Limited from the financial institution was \$1,441,000.

The derivative financial liability at 31 March 2018, which related to one hedge, was terminated during the 9 months to 31 December 2018. At 31 December 2018 there are no derivative contracts in place.

	31 December 2018 \$ 000	31 March 2018 \$ 000
Fair value of derivative	-	7,711
Cash collateralisation	-	(9,152)
Amount receivable upon termination	-	1,441
	<hr/>	<hr/>
Fair value at end of period	-	-

### 19. Foreign currency translation reserve

The company changed its functional currency and presentation currency from GBP to USD on 1 April 2016. For this the company required a foreign currency translation reserve.

The required reserve was calculated by the closing balance sheet for 2015 being translated from GBP to USD. The exchange rate used for all the assets and liabilities was the 2015 year end rate except for stocks that are valued at the USD amount paid. The share capital and reserves were translated at the historic rate.

Due to the balance sheet being translated at different exchange rates a foreign currency reserve for \$21,247,000 was required. This non-distributable reserve will remain on the balance sheet.

### 20. Controlling party

The company is a subsidiary undertaking of Westinghouse Electric UK Holdings Limited and at 1 April 2018, the controlling party and ultimate parent company was Toshiba Corporation. Westinghouse Electric UK Holdings Limited is a subsidiary undertaking of BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited) that was a 100% owned subsidiary by Toshiba Corporation.

On 1 August 2018, Toshiba Corporation completed its sale of WEC LLC, including BCP Nuclear Energy Holdings (UK) Limited (formerly Toshiba Nuclear Energy Holdings (UK) Limited) to Brookfield Business Partners LP.

On 1 August 2018 the ultimate parent company was Brookfield Asset Management Inc.

The smallest and largest group in which the results of the company, for the period, are consolidated is that headed by Brookfield Asset Management Inc., a company incorporated in Canada. No other published group financial statements include the results of the company. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Brookfield Asset Management Inc.

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

# Uranium Asset Management Limited

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

### 21. Contingent liabilities

The company has no contingent liabilities Companies Act 2006 Section 394 or 479.

The company, along with Westinghouse Electric UK Holdings Limited and Westinghouse Electric Company UK Limited, has provided a guarantee for the ABL Facility which funds the LFM.

### 22. Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the company's financial statements.

#### IFRS 9 Financial Instruments

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

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

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

#### Impairment of financial assets

The company has one type of financial asset that is subject to IFRS 9's new expected credit loss model:

- trade debtors and contract assets for sales of inventory.

The company was required to revise its impairment methodology under IFRS 9 for this class of asset. The change in impairment methodology has had no impact on the company's retained earnings and equity.

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

#### Trade debtors and contract assets

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

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.

#### IFRS 15 Revenue from contracts with customers

The company has adopted IFRS 15 *Revenue from Contracts with Customers* from 1 April 2018 which resulted in a change to the accounting policy. In accordance with the transition provisions in IFRS 15, the company has adopted the new rules retrospectively. No adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 April 2018) and the beginning of the earliest period presented (1 April 2017).

## **Uranium Asset Management Limited**

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

#### **23. Post balance sheet events**

On 15 March 2019 Linda Aylmore resigned as a director.

Following the period end, the ongoing mutual agreement procedure between HM Revenue and Customs and Internal Revenue Service (IRS) was concluded for the periods 2007 to 2011. The IRS have confirmed the adjustments expected to be made to the US Federal returns, and updated Federal tax returns have now been submitted on this basis. As a result of the amendments UAM is due a repayment of overpaid Federal and State taxes, however there will also be an additional UK tax liability due to HMRC. The net positive impact of the changes for these periods is currently expected to be in the region of \$13.9m. It has also been agreed that the MAP will be extended to also cover the accounting periods 31 March 2012 to 31 March 2016, however the extension has not yet been concluded. The entity shall not be adjusting the financial statements in respect of this event as it reflects conditions that arose after the end of the reporting period.