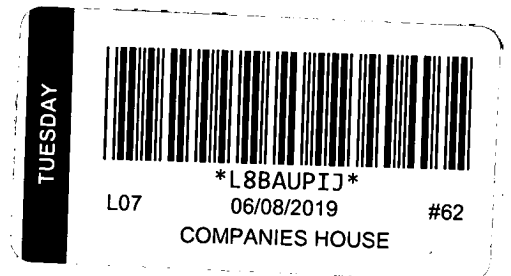


# ENRICHMENT HOLDINGS LTD.

Registered No. 6387705

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2018



# **ENRICHMENT HOLDINGS LTD.**

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# **ENRICHMENT HOLDINGS LTD.**

## **COMPANY INFORMATION**

### **DIRECTORS**

R Nourse

H Lloyd (resigned 15 June 2018)

J Manson (appointed 15 June 2018)

### **AUDITORS**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

### **BANKERS**

Royal Bank of Scotland

2<sup>nd</sup> Floor

Bishopsgate

London

EC2M 4RB

### **REGISTERED OFFICE**

1 Victoria Street

London

SW1H 0ET

# ENRICHMENT HOLDINGS LTD.

## STRATEGIC REPORT

The Directors present their strategic report for the financial year ended 31 December 2018.

### RESULTS

The profit for the year, after taxation, amounted to £150,738,000 (31 December 2017: £150,365,000). This profit represents a third share of the profits arising in the URENCO group in the year ended 31 December 2018.

During the year dividends of £87,852,000 were declared and paid (31 December 2017: £86,254,000).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company's principal activity in the year was that of a holding company. The Company's subsidiary Enrichment Investments Limited (EIL) owns 33.3% of URENCO Limited. URENCO's main activity is the provision of a service to enrich uranium to provide fuel for nuclear power utilities, by enriching uranium provided by its customers.

On 22 April 2013 the Business and Energy Minister announced "that the government is proceeding with plans to sell some or all of its one-third shareholding in the uranium enrichment company URENCO." HMG remains in discussion with the other URENCO stakeholders on the basis of any such sale. However, there is currently no sale process being conducted or planned by HMG."

### PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that the principal risk to the Group is the performance of its subsidiary and associated undertaking. The Group regularly monitors the performance of its subsidiary and associated undertaking.

The principal risks and uncertainties for the Group's associate, URENCO, are set out in its own financial statements. The ultimate controlling party, the Department for Business, Energy & Industrial Strategy is represented on the URENCO board of directors by two non-executive directors which allows them to participate at board meetings on behalf of the Group and regularly monitor the performance of URENCO.

The risks and uncertainties within the Company and EIL other than the value of its investment in URENCO, principally relates to the foreign exchange risk arising from the movement in the pound Sterling against the Euro.

The Group does not hedge against the movement in the exchange rates within the Company and EIL and as such the financial statements are susceptible to any fluctuations in the value of the pound Sterling against the Euro. However, URENCO does have policies in place to mitigate against the risk of the movement in foreign exchange rates.

By order of the Board

R Nourse  
Director

18 July 2019



# ENRICHMENT HOLDINGS LTD.

## DIRECTORS' REPORT

The Directors present their Directors' report and Group financial statements for the year ended 31 December 2018.

### DIRECTORS

The Directors who served during the period were as follows:

R Nourse  
J Manson (appointed 15 June 2018)  
H Lloyd (resigned 15 June 2018)

### DIVIDENDS

During the year dividends of £87,852,000 were declared and paid (2017: £86,254,000). After the year end dividends of £86,671,000 were declared.

The Company has a dividend policy in place that has been approved by the directors and HMG. Dividends received from URENCO are paid into the Company's bank account and held on behalf of Enrichment Investments Limited (EIL) as EIL does not have a bank account of its own. Dividends are then declared from EIL to the Company and then in turn from the Company to HMG following a review of the distributable reserves position and future cash flow requirements of each of EIL and the Company respectively, to ensure any such dividend can be fully met from the distributable reserves of each company.

### GOING CONCERN

Enrichment Holdings Limited is a holding company which, through its investment in Enrichment Investments Limited, holds the UK government's (HMG) third share in URENCO.

HMG, along with other stakeholders, continues to explore amending the existing governance arrangements that will allow for a change in ownership of URENCO. There is no certainty, however, that suitable governance arrangements can be agreed or that there will be any change in ownership of URENCO, including a sale of HGM's one-third shareholding.

In light of the discussions between stakeholders, the Directors believe that it remains appropriate for the financial statements to be prepared on a going concern basis. The process for divesting EHL Group's holding in URENCO has not progressed and it is not expected that any formal sale process will occur within the next 12 months from the date the accounts are signed, nor is it certain in any case that a sales process will require the winding up of EHL.

### AUDITORS

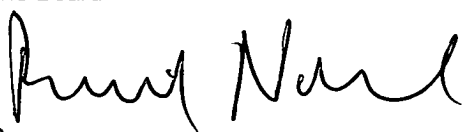
A resolution to reappoint Comptroller and Auditor General as the auditor will be proposed at the annual general meeting.

### DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board

R Nourse  
Director  
14 July 2019



# **ENRICHMENT HOLDINGS LTD.**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, Directors' report and Group financial statements in accordance with the Companies Act 2006 and International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group and parent Company for that period. In preparing the Group financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and parent Company's financial position and financial performance;
- state whether the Group and parent Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- make judgements and estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm that to the best of our knowledge:

- The Group financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy".

# **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ENRICHMENT HOLDINGS LTD.**

## **Opinion on financial statements**

I have audited the financial statements of Enrichment Holdings Ltd. for the year ended 31 December 2018 which comprise the group Statement of Comprehensive Income, the group and parent company Statement of Financial Position, the group and parent company Statement of Cash Flows, the group and parent company Statement of Changes in Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- have been prepared in accordance with the Companies Act 2006.

## **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Enrichment Holdings Ltd. in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

We are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Enrichment Holdings Ltd's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. We have nothing to report in these respects.

## **Responsibilities of the Directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the group's and the parent's company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

# **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ENRICHMENT HOLDINGS LTD. (continued)**

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and Enrichment Holdings Ltd.'s internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **Other Information**

Directors are responsible for the other information. The other information comprises information included in the annual report, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



# INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ENRICHMENT HOLDINGS LTD. *(continued)*

## Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

- in light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by Enrichment Holdings Ltd., or returns adequate for my audit have not been received from branches not visited by my staff; 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
- I have not received all of the information and explanations I require for my audit.



**Peter Morland (Senior Statutory Auditor)**

*25* July 2019

For and on behalf of the

**Comptroller and Auditor General (Statutory Auditor)**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# ENRICHMENT HOLDINGS LTD.

## Group statement of comprehensive income

for the year ended 31 December 2018

	Year ended 31 Dec 2018	Year ended 31 Dec 2017
Note	£000	£000
Operating costs and expenses	3 (21)	(19)
<b>Operating loss</b>	<b>(21)</b>	<b>(19)</b>
Share of post tax profits of associate undertaking accounted for using the equity method	8 150,759	150,384
<b>Profit before income tax</b>	<b>150,738</b>	<b>150,365</b>
Income tax expense	6 -	-
<b>Profit for the period from continuing operations</b>	<b>150,738</b>	<b>150,365</b>
<b>Other comprehensive income/(losses):</b>		
<b>Gains/(losses) recognised directly in equity - associate undertaking</b>		
<b>Items that may be reclassified subsequently to the income statement</b>		
Exchange differences on foreign currency translation of foreign operations	43,786	(66,729)
Cash flow hedges	(15,686)	68,402
Net investment hedges	(22,321)	42,700
Deferred tax on net investment hedges	4,718	(12,413)
Current tax on net investment hedges	7,843	(3,417)
Exchange differences on hedge reserve	1,091	-
Movements in cost of hedge reserve	(4,128)	-
Deferred tax on cost of hedge reserve	796	-
Exchange differences on cost of hedge reserve	(29)	-
	<b>16,070</b>	<b>28,543</b>
<b>Items that will not be reclassified to the income statement</b>		
Actuarial gains on defined benefit pension schemes	17,485	6,980
Deferred tax on actuarial gains	(2,624)	(1,490)
Exchange differences	265	-
IFRS 9 transition adjustments - associate	177	-
Utility partner payments	-	(29)
	<b>15,303</b>	<b>5,461</b>
<b>Other comprehensive income for the period net of tax</b>	<b>31,373</b>	<b>34,004</b>
<b>Total comprehensive income for the period</b>	<b>182,111</b>	<b>184,369</b>

# ENRICHMENT HOLDINGS LTD.

## Group statement of changes in equity

	Note	Equity share capital £000	Capital reserve £000	Foreign currency translation reserve £000	Retained earnings £000	Total equity £000
At 1 January 2017		-	236,768	239,755	(31,237)	445,286
Profit for the year		-	-	-	150,365	150,365
Other comprehensive income/(loss)		-	-	(66,729)	100,733	34,004
Total comprehensive income/(loss) for the year		-	-	(66,729)	251,098	184,369
Equity dividends paid	7	-	-	-	(86,254)	(86,254)
<b>At 31 December 2017</b>		-	236,768	173,026	133,607	543,401
Profit for the year		-	-	-	150,738	150,738
Other comprehensive income/(loss)		-	-	43,786	(12,413)	31,373
Total comprehensive income/(loss) for the year		-	-	43,786	138,325	182,111
Equity dividends paid	7	-	-	-	(87,852)	(87,852)
<b>At 31 December 2018</b>		-	236,768	216,812	184,080	637,660

## Company statement of changes in equity

	Note	Equity share capital £000	Capital reserve £000	Retained earnings £000	Total equity £000
At 1 January 2017		-	236,768	19	236,787
Profit for the year		-	-	86,235	86,235
Total comprehensive income for the year		-	-	86,235	86,235
Equity dividends paid	7	-	-	(86,254)	(86,254)
<b>At 31 December 2017</b>		-	236,768	-	236,768
Profit for the year		-	-	87,864	87,864
Total comprehensive profit for the year		-	-	87,864	87,864
Equity dividends paid	7	-	-	(87,852)	(87,852)
<b>At 31 December 2018</b>		-	236,768	12	236,780

# ENRICHMENT HOLDINGS LTD.

## Group statement of financial position

Registered no. 6387705

		31-Dec 2018	31-Dec 2017
	Note	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in associate	8	637,648	543,401
<b>Current assets</b>			
Cash and cash equivalents	9	33	21
		33	21
<b>Total assets</b>		<b>637,681</b>	<b>543,422</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(21)	(21)
<b>Total liabilities</b>		<b>(21)</b>	<b>(21)</b>
<b>Net assets</b>		<b>637,660</b>	<b>543,401</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	12	-	-
Capital reserve	13	236,768	236,768
Foreign currency translation reserve	13	216,812	173,026
Retained earnings		184,080	133,607
<b>Total equity</b>		<b>637,660</b>	<b>543,401</b>

The financial statements were approved by the Board of Directors on 18 July 2019 and were signed on its behalf by:

Richard Nourse  
Director



# ENRICHMENT HOLDINGS LTD.

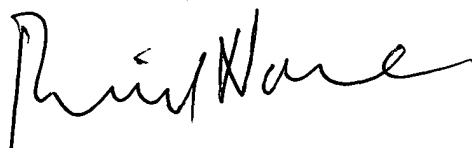
## Company statement of financial position

Registered no. 6387705

		31-Dec 2018	31-Dec 2017
	Note	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment	8	236,768	236,768
<b>Current assets</b>			
Cash and cash equivalents	9	33	21
<b>Total assets</b>		<b>236,801</b>	<b>236,789</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(21)	(21)
<b>Total liabilities</b>		<b>(21)</b>	<b>(21)</b>
<b>Net assets</b>		<b>236,780</b>	<b>236,768</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	12	-	-
Capital reserve	13	236,768	236,768
Retained earnings		12	-
<b>Total equity</b>		<b>236,780</b>	<b>236,768</b>

The financial statements were approved by the Board of Directors on 18 July 2019 and were signed on its behalf by:

Richard Nourse  
Director



# ENRICHMENT HOLDINGS LTD.

## Group statement of cash flows

for the year ended 31 December 2018

	31-Dec 2018	31-Dec 2017
	£000	£000
<b>Cash flows from operating activities</b>		
Profit for the period	150,738	150,365
Share of post tax profits of associate accounted for using the equity method	(150,759)	(150,384)
Decrease in trade and other payables	-	(20)
<b>Net cash outflow from operating activities</b>	<b>(21)</b>	<b>(39)</b>
<b>Cash flows from investing activities</b>		
Dividends received from associates	87,885	86,254
<b>Net cash inflow from investing activities</b>	<b>87,885</b>	<b>86,254</b>
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	(87,852)	(86,254)
<b>Net cash used in financing activities</b>	<b>(87,852)</b>	<b>(86,254)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12</b>	<b>(39)</b>
Cash and cash equivalents at beginning of year	21	60
<b>Cash and cash equivalents at end of year</b>	<b>33</b>	<b>21</b>

# ENRICHMENT HOLDINGS LTD.

## Company statement of cash flows

for the year ended 31 December 2018

	31-Dec 2018 £000	31-Dec 2017 £000
<b>Cash flows from operating activities</b>		
Profit for the period	87,864	86,235
Dividend receivable from subsidiary	(87,885)	(86,254)
Decrease in trade and other payables	-	(20)
<b>Net cash outflow from operating activities</b>	<b>(21)</b>	<b>(39)</b>
<b>Cash flows from investing activities</b>		
Dividends received from subsidiary	87,885	86,254
<b>Net cash inflow from investing activities</b>	<b>87,885</b>	<b>86,254</b>
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	(87,852)	(86,254)
<b>Net cash used in financing activities</b>	<b>(87,852)</b>	<b>(86,254)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12</b>	<b>(39)</b>
Cash and cash equivalents at beginning of year	21	60
<b>Cash and cash equivalents at end of year</b>	<b>33</b>	<b>21</b>

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements for the year ended 31 December 2018

### 1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of Enrichment Holdings Ltd. and its subsidiaries (the "Group") for the year ended 31 December 2018 were authorised for issue by the board of directors on 16 July 2019 and the statement of financial position was signed on the board's behalf by Richard Nourse. Enrichment Holdings Ltd. is a private limited company incorporated and domiciled in England and Wales.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The principal accounting policies adopted by the Group are set out in note 2.

### 2. Accounting policies

#### a. Basis of preparation

These financial statements have been prepared under the historical cost convention.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2018 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

The Directors have assessed the Company's ability to continue as a going concern in light of previously announced UK government plans regarding a possible sale of its one-third shareholding in URENCO. Enrichment Holdings Ltd. (EHL) is a holding company which, through its investment in Enrichment Investments Limited, holds the UK government's (HMG) third share in URENCO. In light of the discussions between stakeholders, the Directors have concluded that it remains appropriate for the financial statements to be prepared on a going concern basis. The process for divesting EHL Group's holding in URENCO has not progressed and it is not expected that any formal sale process will occur within the next 12 months, nor is it certain in any case that a sales process will require the winding up of EHL.

The Group financial statements are presented in Sterling and all values are rounded to the nearest one thousand pounds (£'000) except when otherwise indicated.

A separate income statement for the parent Company has not been presented as permitted by section 408(3) of the Companies Act 2006. The parent Company incurred a profit after taxation of £87,864,000 (2017: £86,235,000) for the year ended 31 December 2018.

#### b. Changes in accounting policy and disclosure

There have been no new standards, amendments or interpretations issued or made effective for the financial period commencing 1<sup>st</sup> January 2018 that have had a material impact on the financial statements of the Group.

#### c. New standards and interpretations not applied

The IASB and IFRIC have issued a number of new standards and interpretations with an effective date after the date of these financial statements.

The standards not applied are as follows:

	Effective date *
<b>New standards</b>	
IFRS 16 – Leases	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
<b>Amended standards</b>	
Amendments to References to Conceptual Framework in IFRS Standards	Not yet endorsed
Definition of a Business (Amendments to IFRS 3)	Not yet endorsed
Definition of Material (Amendments to IAS 1 and IAS 8)	Not yet endorsed
IFRS 17 Insurance Contracts	Not yet endorsed
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not endorsed
IFRS 14 Regulatory Deferral Accounts	Not endorsed

\*The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to them having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards. The Group has not early adopted any of the above standards.



# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 2. Accounting policies (continued)

#### *c. New standards and interpretations not applied (continued)*

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group or Company in future periods. The reason for this assessment is that the Group does not have leases, income subject to income tax, financial instruments, business acquisitions or insurance contracts which are relevant to the new standards noted above.

The impact arising from the adoption of these standards and interpretations on the Group's associate undertaking, URENCO Limited is disclosed in its own financial statements.

#### *d. Significant judgements and estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the end of the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the fair value of the investment in Enrichment Investment Limited and its associate URENCO Limited.

At 1 April 2008 the assets and liabilities of Enrichment Investment Limited and its associate URENCO Limited were fair valued based on URENCO Limited's financial statements for the year ended 31 December 2007 after adjusting for trading to 31 March 2008 and goodwill previously written off in its accounts.

The carrying value of the investment is subject to an annual impairment review to ensure that the carrying value of the investment held by the Group and parent Company does not exceed its recoverable amount. The key areas of judgement and uncertainty that could impact on the carrying value of the investment in URENCO Limited at the year end within the next financial year relate to:

- exchange rate movement which could adversely impact on the retranslation of URENCO Limited's results into sterling as reported in the Group accounts
- judgements and estimations applied to the URENCO Limited accounts at the year end. These are disclosed in the URENCO Limited accounts and primarily relate to the review of the cash generating unit carrying values (these being the four URENCO operating sites), provisions, actuarial assumptions for defined benefit pensions and the assessment of fair value.

These judgements and estimations applied in the URENCO Limited accounts are subject to a statutory external audit.

#### *e. Basis of consolidation*

The Group financial statements consolidate the financial statements of Enrichment Holdings Ltd.; the subsidiary it controls and the associate over which significant influence is held, drawn up to 31 December.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent Company, are prepared under UK GAAP and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them, are eliminated.

Further details on how the investment in the associate and subsidiary is accounted for in the group accounts is provided in note 2f and 2i respectively.

#### *f. Interests in associates*

The Group's interests' in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting.

Using the equity method, the investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in value of individual investments. The Group income statement reflects the share of the associate's results after tax. Where there has been a change recognised in other comprehensive income of the associate, the Group recognises its share of any such change in the Group statement of other comprehensive income.

Any goodwill arising on the acquisition of an associate, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the associate and is not amortised. To the extent that the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the associate's profit or loss in the period in which the investment is acquired.

The financial statements of the associate are prepared to 31 December.

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 2. Accounting policies (continued)

#### *g. Foreign currency translation*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting date. All differences are taken to the income statement, except when hedge accounting is applied and for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken to other comprehensive income until the disposal of the net investment, at which time they are reclassified from equity to retained earnings.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the end of the reporting date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

The Group's associate undertaking, URENCO Limited, uses derivative financial instruments (foreign exchange forward contracts) to hedge against their exposure to the financial risks of changes in foreign currency exchange rates.

#### *h. Impairment of assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

#### *i. Investments*

Investments comprise investments in subsidiaries in respect of the Company accounts and associates in respect of the Group accounts. Investments in subsidiaries in the Company accounts are accounted for at fair value on the date of acquisition. The carrying values of investments are reviewed for impairment if events or changes in circumstances indicate that a provision for impairment is required.

#### *j. Trade and other receivables*

Trade receivables are stated at amortised cost, less any expected credit losses.

#### *k. Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### *l. Trade and other payables*

Trade and other payables are not interest bearing and are stated at their nominal value.

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 3 Group operating loss

This is stated after charging:

	31-Dec 2018 £000	31-Dec 2017 £000
Other operating charges	21	19

### 4 Auditors' remuneration

The Group paid the following amounts to its auditors (exclusive of VAT) in respect of the audit of the financial statements and for other services provided to the Group.

	31-Dec 2018 £000	31-Dec 2017 £000
Audit of the group financial statements	9	9
Other fees to auditors		
- auditing the accounts of subsidiaries	5	5
	14	14

### 5 Staff costs and directors' emoluments

The Group and Company has no employees during the current and prior year.

The Directors received no emoluments during the current and prior year.

### 6 Taxation

#### a Tax charged in the income statement

	31-Dec 2018 £000	31-Dec 2017 £000
<b>Income statement</b>		
Current income tax:		
UK corporation tax	-	-
Total current income tax	-	-
Tax charged in the income statement	-	-

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 6 Taxation (continued)

#### b Reconciliation of the total tax charge

The income tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:

	31-Dec 2018 £000	31-Dec 2017 £000
Profit before income tax	150,738	150,365
Accounting profit before income tax	150,738	150,365
Accounting profit multiplied by the UK standard rate of corporation tax of 19%	28,640	28,945
Adjustment in respect of associate's taxation	(28,644)	(28,949)
Losses carried forward	4	4
	-	-

There is no taxation charge in the current year or prior period as there is no taxable income in the Company accounts. The taxation of the profit in the associate is not accounted for in these Group accounts and as it is the associate that bears the taxation charge.

#### c Future changes in the corporation tax rate

The government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020.

#### d Deferred tax

There are losses carried forward of £221,000 (2017: £200,000) in respect of unrelieved management expenses. No deferred tax has been provided in respect of these losses as these losses are not expected to be utilised in the future.

### 7 Dividends paid

	31-Dec 2018 £000	31-Dec 2017 £000
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares:		
- first interim dividend £43,925,982.50 per share (2017: £43,126,982.50 per share)	87,852	86,254
<b>Dividends paid</b>	<b>87,852</b>	<b>86,254</b>
<i>Declared and paid after the year</i>		
Equity dividends on ordinary shares:		
- interim dividend £43,335,482.50 per share (2017: £43,925,982.50 per share)	86,671	87,852
<b>Dividends paid</b>	<b>86,671</b>	<b>87,852</b>

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 8 Investments

#### a Summary

	Group		Company	
	31-Dec	31-Dec	31-Dec	31-Dec
	2018	2017	2018	2017
	£000	£000	£000	£000
Subsidiary (note 8b)	-	-	236,768	236,768
Associates (note 8c)	637,648	543,401	-	-
	637,648	543,401	236,768	236,768

#### b Subsidiary undertakings

	Company
	Cost
	£000
<b>At 31 December 2017 and 2018</b>	<b>236,768</b>

#### c Investments in associates

The share of the assets, liabilities, income and expenses of the associate entity are as follows:

	Group	
	31-Dec	31-Dec
	2018	2017
	£000	£000
<b>Share of the associate's statement of financial position:</b>		
Non-current assets	1,615,314	1,618,350
Current assets	354,531	277,758
Share of gross assets	1,969,845	1,896,108
Current liabilities	(117,021)	(249,956)
Non-current liabilities	(1,215,176)	(1,102,751)
Share of gross liabilities	(1,332,197)	(1,352,707)
Share of net assets	637,648	543,401
<b>Share of the associate's results</b>		
Revenue	577,237	562,779
Operating profit/(loss)	243,697	254,622
Finance income	20,257	31,485
Finance cost	(51,511)	(72,403)
Finance cost - net	(31,254)	(40,918)
Profit/(loss) before tax	212,443	213,704
Income tax expense	(61,684)	(63,320)
Profit/(loss) for the year	150,759	150,384

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 8 Investments (continued)

d The principal undertakings in which the Group's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of share held by group
<b>Principal subsidiary undertakings</b>			
Enrichment Investments Limited	England	Holding company	100% ordinary shares
URENCO Limited *	England	Provision of uranium enrichment services	33% ordinary shares

\* The URENCO Limited accounts are prepared in €'s.

### 9 Cash and cash equivalents

	Group		Company	
	31-Dec 2018	31-Dec 2017	31-Dec 2018	31-Dec 2017
	£000	£000	£000	£000
Cash at bank and in hand	33	21	33	21

### 10 Trade and other payables

	Group		Company	
	31-Dec 2018	31-Dec 2017	31-Dec 2018	31-Dec 2017
	£000	£000	£000	£000
Accruals	21	21	21	21
	21	21	21	21

### 11 Financial assets, liabilities and instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's and Company financial instruments that are carried in the financial statements.

Group	Loans and receivables	Amortised cost	Total book value	31-Dec 2018
				Fair value
	£000	£000	£000	£000
<b>Financial assets</b>				
Cash	33	-	33	33
<b>Financial liabilities</b>				
Trade and other payables	-	(21)	(21)	(21)
	33	(21)	12	12

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 11 Financial assets, liabilities and instruments (continued)

Group	31-Dec			
	2017			Fair value £000
	Loans and receivables £000	Amortised cost £000	Total book value £000	
<b>Financial assets</b>				
Cash	21	-	21	21
<b>Financial liabilities</b>				
Trade and other payables	-	(21)	(21)	(21)
	<b>21</b>	<b>(21)</b>	<b>-</b>	<b>-</b>

Company	31-Dec			
	2018			Fair value £000
	Loans and receivables £000	Amortised cost £000	Total book value £000	
<b>Financial assets</b>				
Cash	33	-	33	33
<b>Financial liabilities</b>				
Trade and other payables	-	(21)	(21)	(21)
	<b>33</b>	<b>(21)</b>	<b>12</b>	<b>12</b>

Company	31-Dec			
	2017			Fair value £000
	Loans and receivables £000	Amortised cost £000	Total book value £000	
<b>Financial assets</b>				
Cash	21	-	21	21
<b>Financial liabilities</b>				
Trade and other payables	-	(21)	(21)	(21)
	<b>21</b>	<b>(21)</b>	<b>-</b>	<b>-</b>

### 12 Authorised and issued share capital

	31-Dec 2018	31-Dec 2017
	£	£
<b>Allotted, called-up and fully-paid</b>		
2 (2017: 2) ordinary shares of £1 each	2	2

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2018

### 13 Reserves

#### *Equity share capital*

The balance classified as share capital includes the total net proceeds on issue of the Company's equity share capital, comprising £1 ordinary shares.

#### *Capital reserve*

The transfer of the shares in Enrichment Investment Limited from BNFL to Enrichment Holdings Ltd. on 1 April 2008 has been treated as a capital contribution in the Group and Company accounts. The capital contribution arises as a result of the transfer which took place for nil consideration and resulted in net assets of £236,768,000 at the date of acquisition. This treatment has been adopted on the basis that it represents a Group reorganisation by the ultimate Shareholder, being Her Majesty's Government represented by the Department for Energy and Climate Change (the name of the Government department at the time of the reorganisation).

#### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the foreign currency financial statements of the Group's associate.

### 14 Other related party transactions

The ultimate controlling party is the Department for Business, Energy & Industrial Strategy (BEIS), formerly the Department for Business, Innovation & Skills.

#### **Remuneration of key management and personnel**

The Directors, who are the key management personnel of the Group received no remuneration during the year.

#### **Directors' transactions**

There were no transactions between the Directors and the Company during the current or previous year.

### 15 Non adjusting events after the reporting period

A dividend of £86,671,000 was declared after the year end.