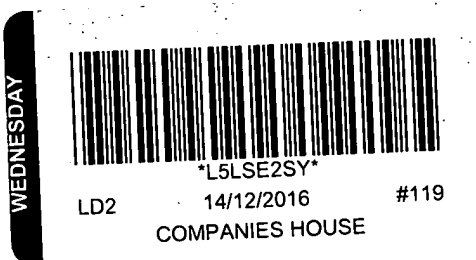


# ENRICHMENT HOLDINGS LIMITED

Registered No. 6387705

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 March 2016



# **ENRICHMENT HOLDINGS LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS**

R Nourse

A Odgers (resigned 23 March 2016)

H Lloyd (appointed 23 March 2016)

### **AUDITORS**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

### **REGISTERED OFFICE**

1 Victoria Street

London

SW1H 0ET

# ENRICHMENT HOLDINGS LIMITED

## STRATEGIC REPORT

The Directors present their strategic report for the financial year ended 31 March 2016.

### RESULTS

The profit for the year, after taxation, amounted to £99,531,000 (2015: £106,685,000). During the year interim dividends of £172,231,000 (2015: £91,701,000) were declared.

### 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). 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.

HMG, along with the other shareholders, are currently in early discussions regarding a potential restructuring of the parent entities that hold the one third shareholdings in URENCO to ensure better regulation and governance of URENCO, and to also better facilitate a potential future sale of URENCO. However there is no certainty of a possible future sale at present, and any such sale would have to be shown to represent value for money to 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.

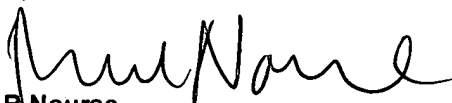
The principal risks and uncertainties for the Group's associate, URENCO are set out in its own financial statements. The ultimate controlling party, the Department for Business, Energy & Industrial Strategy is represented on the URENCO board of directors by two non-executive directors which allows them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

The risks and uncertainty 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 decision by the UK to leave the EU has had an impact on the financial markets and on the value of the pound Sterling against various world currencies, in particular against the Euro and the US Dollar. A review of the impact of this on the period between 1 January 2016 to 31 March 2016 has been performed which has resulted in an adjustment to the Group accounts as set out in note 17. A separate review of events after the reporting period has also been performed and has assessed that no subsequent adjustments are required (note 18).

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

13<sup>th</sup> December 2016

# **ENRICHMENT HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

The Directors present their Directors' report and Group financial statements for the year ended 31 March 2016.

### **DIRECTORS**

The Directors who served during the year were as follows:

R Nourse  
A Odgers (resigned 23 March 2016)  
H Lloyd (appointed 23 March 2016)

### **DIVIDENDS**

During the year interim dividends of £172,231,000 (2015: £91,701,000) were declared.

Interim dividends of £nil (2015: £81,396,000) were paid after the year end.

### **GOING CONCERN**

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, along with the other shareholders, are currently in early discussions regarding a potential restructuring of the parent entities that hold the one third shareholdings in URENCO to ensure better regulation and governance of URENCO, and to also better facilitate a potential future sale of URENCO. However there is no certainty of a possible future sale at present, and any such sale would have to be shown to represent value for money to HMG.

The directors have assessed the company's ability to continue as a going concern in light of UK government plans, and have concluded that it remains appropriate for the financial statements to be prepared on a going concern basis. In drawing this conclusion the directors have specifically noted that HMG remains in discussion with other URENCO stakeholders on the basis of any such restructuring.

### **IMPORTANT NON ADJUSTING EVENTS AFTER THE FINANCIAL PERIOD**

A review of events after the reporting period (ie April 2016 onwards) has identified the following events:

On Thursday 23 June 2016 the European Union (EU) referendum took place and the people of the United Kingdom (UK) voted to leave the EU. As disclosed in note 17 this has impacted on the financial markets and on the value of the pound Sterling against various world currencies, in particular against the Euro and the US Dollar. Despite a fall in the value of the pound Sterling against these respective currencies, the net impact for the Company with respect to the receipt of dividends from URENCO and the translation of the results of URENCO in the consolidated accounts for the Group has been favourable to date (due to the fact that URENCO generates much of its revenue in US Dollars and reports its financial results in Euros) and therefore no post balance sheet adjustment is required in the accounts.

In July 2016 the ultimate controlling party, the Department for Business, Innovation & Skills was subject to a governmental reorganisation and was reformed as the Department for Business, Energy & Industrial Strategy (BEIS) following the incorporation of the former Department of Energy and Climate Change into its remit.

### **AUDITORS**

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

# ENRICHMENT HOLDINGS LIMITED

## DIRECTORS' REPORT *(continued)*

### 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

13<sup>th</sup> December 2016

# ENRICHMENT HOLDINGS LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and Group financial statements in accordance with applicable United Kingdom law and those 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 in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* 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 that 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.

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

I have audited the financial statements of Enrichment Holdings Limited for the year ended 31 March 2016 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Statement of Financial Position, the Group and Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and 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.

### **Respective responsibilities of the directors and the auditor**

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. My responsibility is to audit and express an opinion on the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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.

This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Opinion on financial statements**

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 March 2016 and of the group's profit for the year then ended; and
- The financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- The financial statements have been prepared in accordance with the Companies Act 2006.

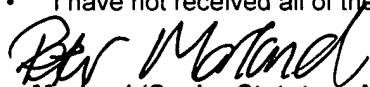
### **Opinion on other matter prescribed by the Companies Act 2006**

In my opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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 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
- I have not received all of the information and explanations I require for my audit.



**Peter Morland (Senior Statutory Auditor)**

For on and behalf of the  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# ENRICHMENT HOLDINGS LIMITED

## Group statement of comprehensive income

for the year ended 31 March

	Note	2016 £000	2015 £000
Operating costs and expenses	3	(21)	(21)
<b>Operating loss</b>		<b>(21)</b>	<b>(21)</b>
Finance costs	6	(594)	(1,934)
Share of post tax profits of associate undertaking accounted for using the equity method	9	100,146	108,640
<b>Profit before income tax</b>		<b>99,531</b>	<b>106,685</b>
Income tax expense	7	-	-
<b>Profit for the year from continuing operations</b>		<b>99,531</b>	<b>106,685</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		116,946	(1,855)
Cash flow hedges		(16,954)	(32,981)
Net investment hedges		(38,487)	(10,394)
Deferred tax credit on net investment hedges		1,317	6,365
Current tax charge on net investment hedges		(902)	(54)
		<b>61,920</b>	<b>(38,919)</b>
<b>Items that will not be reclassified to the income statement</b>			
Actuarial gains/(losses) on defined benefit pension schemes		10,013	(11,952)
Deferred tax (charge)/credit on actuarial gains/(losses)		(2,491)	2,766
Current tax credit on actuarial gains/(losses)		-	54
Utility partner payments		(73)	(27)
Deferred tax credit on utility partner payments		24	-
		<b>7,473</b>	<b>(9,159)</b>
<b>Other comprehensive income/(loss) for the year net of tax</b>		<b>69,393</b>	<b>(48,078)</b>
<b>Total comprehensive income for the year</b>		<b>168,924</b>	<b>58,607</b>



# ENRICHMENT HOLDINGS LIMITED

## 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 April 2014		-	236,768	(38,787)	355,603	553,584
Profit for the year		-	-	-	106,685	106,685
Other comprehensive loss		-	-	(1,855)	(46,223)	(48,078)
Total comprehensive income for the year		-	-	(1,855)	60,462	58,607
Equity dividends paid	8	-	-	-	(91,701)	(91,701)
<b>At 31 March 2015</b>		-	236,768	(40,642)	324,364	520,490
Profit for the year		-	-	-	99,531	99,531
Other comprehensive income/(loss)		-	-	116,946	(47,553)	69,393
Total comprehensive income for the year		-	-	116,946	51,978	168,924
Equity dividends paid	8	-	-	-	(172,231)	(172,231)
<b>At 31 March 2016</b>		-	236,768	76,304	204,111	517,183

## Company statement of changes in equity

	Note	Equity share capital £000	Capital reserve £000	Retained earnings £000	Total equity £000
At 1 April 2014		-	236,768	(20)	236,748
Profit for the year		-	-	91,740	91,740
Total comprehensive income for the year		-	-	91,740	91,740
Equity dividends paid	8	-	-	(91,701)	(91,701)
<b>At 31 March 2015</b>		-	236,768	19	236,787
Profit for the year		-	-	172,252	172,252
Total comprehensive income for the year		-	-	172,252	172,252
Equity dividends paid	8	-	-	(172,231)	(172,231)
<b>At 31 March 2016</b>		-	236,768	40	236,808

# ENRICHMENT HOLDINGS LIMITED

## Group statement of financial position

Registered no. 6387705

for the year ended 31 March

		2016	2015
	Note	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in associate	9	517,143	438,470
<b>Current assets</b>			
Trade and other receivables	10	-	82,001
Cash and cash equivalents	11	63	45
		<b>63</b>	<b>82,046</b>
<b>Total assets</b>		<b>517,206</b>	<b>520,516</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(23)	(26)
<b>Total liabilities</b>		<b>(23)</b>	<b>(26)</b>
<b>Net assets</b>		<b>517,183</b>	<b>520,490</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	14	-	-
Capital reserve	15	236,768	236,768
Foreign currency translation reserve	15	76,304	(40,642)
Retained earnings		204,111	324,364
<b>Total equity</b>		<b>517,183</b>	<b>520,490</b>

The financial statements were approved by the Board of Directors on 13 December 2016 and were signed on its behalf by:



Richard Nourse  
Director

# ENRICHMENT HOLDINGS LIMITED

## Company statement of financial position

for the year ended 31 March

		2016	2015
	Note	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment	9	236,768	236,768
<b>Current assets</b>			
Cash and cash equivalents	11	63	45
<b>Total assets</b>		<b>236,831</b>	<b>236,813</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(23)	(26)
<b>Total liabilities</b>		<b>(23)</b>	<b>(26)</b>
<b>Net assets</b>		<b>236,808</b>	<b>236,787</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	14	-	-
Capital reserve	15	236,768	236,768
Retained earnings		40	19
<b>Total equity</b>		<b>236,808</b>	<b>236,787</b>

The financial statements were approved by the Board of Directors on 13 December 2016 and were signed on its behalf by:

Richard Nourse  
Director



# ENRICHMENT HOLDINGS LIMITED

## Group statement of cash flows

for the year ended 31 March

	2016	2015
	£000	£000
<b>Cash flows from operating activities</b>		
Profit for the year	99,531	106,685
Finance costs	594	1,934
Share of post tax profits of associate accounted for using the equity method	(100,146)	(108,640)
Decrease in trade and other payables	(3)	(5)
<b>Net cash outflow from operating activities</b>	<b>(24)</b>	<b>(26)</b>
<b>Cash flows from investing activities</b>		
Dividends received from associates	172,273	91,761
<b>Net cash inflow from investing activities</b>	<b>172,273</b>	<b>91,761</b>
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	(172,231)	(91,701)
<b>Net cash used in financing activities</b>	<b>(172,231)</b>	<b>(91,701)</b>
<b>Net increase in cash and cash equivalents</b>	<b>18</b>	<b>34</b>
Cash and cash equivalents at beginning of year	45	11
<b>Cash and cash equivalents at end of year</b>	<b>63</b>	<b>45</b>

# ENRICHMENT HOLDINGS LIMITED

## Company statement of cash flows

for the year ended 31 March

	2016	2015
	£000	£000
<b>Cash flows from operating activities</b>		
Profit for the year	172,252	91,740
Dividend receivable from subsidiary	(172,273)	(91,761)
Decrease in trade and other payables	(3)	(5)
<b>Net cash outflow from operating activities</b>	<b>(24)</b>	<b>(26)</b>
<b>Cash flows from investing activities</b>		
Dividend received from subsidiary	172,273	91,761
<b>Net cash inflow from investing activities</b>	<b>172,273</b>	<b>91,761</b>
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	(172,231)	(91,701)
<b>Net cash used in financing activities</b>	<b>(172,231)</b>	<b>(91,701)</b>
<b>Net increase in cash and cash equivalents</b>	<b>18</b>	<b>34</b>
Cash and cash equivalents at beginning of year	45	11
<b>Cash and cash equivalents at end of year</b>	<b>63</b>	<b>45</b>

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements Year Ended 31 March 2016

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

The financial statements of Enrichment Holdings Limited and its subsidiaries (the "Group") for the year ended 31 March 2016 were authorised for issue by the board of directors on 13 December 2016 and the statement of financial position was signed on the board's behalf by Richard Nourse. Enrichment Holdings Limited is a private limited company incorporated and domiciled in England and Wales.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 March 2016.

The Group's financial statements are also consistent with International Financial Reporting Standards as issued by the IASB. 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 March 2016 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 March 2016.

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, along with the other shareholders, are currently in early discussions regarding a potential restructuring of the parent entities that hold the one third shareholdings in URENCO to ensure better regulation and governance of URENCO, and to also better facilitate a potential future sale of URENCO. However there is no certainty of a possible future sale at present, and any such sale would have to be shown to represent value for money to HMG.

The directors have assessed the company's ability to continue as a going concern in light of UK government plans, and have concluded that it remains appropriate for the financial statements to be prepared on a going concern basis. In drawing this conclusion the directors have specifically noted that HMG remains in discussion with other URENCO stakeholders on the basis of any such restructuring.

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 earned a profit after taxation of £172,252,000 (2015: £91,740,000) for the year ended 31 March 2016.

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

There have been no new standards, amendments or interpretations issued and made effective for the financial period commencing 1 April 2015 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 Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's and Company's financial statements in the period of initial application. The standards not applied are as follows:

International Accounting Standards (IAS / IFRSs)		Effective date*
IFRS 11	Amendment to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation	1 January 2016
IAS 16 / IAS 41	Amendments to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture' regarding bearer plants	1 January 2016
IAS 16 / IAS 38	Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on depreciation and amortisation	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IAS 27	Amendments to IAS 27 'Separate financial statements' on the equity method	1 January 2016
IFRS 10 / IAS 28	Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures'	Date to be determined
	Annual improvements 2014	1 January 2016
IAS 1	Amendment to IAS 1 'Presentation of financial statements' on disclosure initiative	1 January 2016

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements (continued) Year Ended 31 March 2016

### 2. Accounting policies (continued)

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

<i>International Accounting Standards (IAS / IFRSs)</i>		<i>Effective date*</i>
IFRS 10 / IAS 28	Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception	1 January 2016
IAS 7	Amendments to IAS 7 Statements of cash flows on disclosure initiative	1 January 2017
IAS 12	Amendments to IAS 12 'Income taxes' on Recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

\*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 their 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.

The Directors have not yet evaluated the impact of the adoption of these standards and interpretations on the consolidated financial statements in the period of initial application.

#### 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.

#### e. Basis of consolidation

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

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.

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements (continued) Year Ended 31 March 2016

### 2. Accounting policies (continued)

#### *f. Interests in associates (continued)*

The financial statements of the associate are prepared to 31 December which is within three months of the year end as permitted by IAS 28 Investments in associates. Where necessary, adjustments are made to bring the accounting policies used in line with those of the Group; to take into account fair values assigned at the date of acquisition and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gain and losses on transactions between the Group and its associates. Where necessary, adjustments are made for any significant events or transactions that arise in the three month period between the year end of the associate and that of the Group.

#### *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.

#### *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 recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### *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 LIMITED

## Notes to the Financial Statements (continued) Year Ended 31 March 2016

### 3 Group operating loss

This is stated after charging:

	2016	2015
	£000	£000
Other operating charges	21	21

### 4 Auditors' remuneration

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group. These costs are included within the other operating charges disclosed in note 3 above.

	2016	2015
	£000	£000
Audit of the group financial statements	6	6
Other fees to auditors		
- auditing the accounts of subsidiaries	6	6
	12	12

### 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 Finance costs

	2016	2015
	£000	£000
Foreign exchange losses	594	1,934

### 7 Taxation

#### a Tax charged in the income statement

	2016	2015
	£000	£000
<b>Income statement</b>		
Current income tax:		
UK corporation tax	-	-
Total current income tax	-	-
Tax charged in the income statement	-	-

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements (continued)

### Year Ended 31 March 2016

#### 7 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 20% (2015: 21%). The differences are reconciled below:

	2016 £000	2015 £000
Profit before income tax	99,531	106,685
Accounting profit before income tax	99,531	106,685
Accounting profit multiplied by the UK standard rate of corporation tax of 20% (2015: 21%)	19,906	22,404
Adjustment in respect of associate's taxation	(20,029)	(22,814)
Exchange losses	119	406
Losses carried forward	4	4
	-	-

There is no taxation charge in the current or prior year 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 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 the 1 April 2017, 2018 and 2019 and at 17% for the year starting 1 April 2020.

##### d Deferred tax

There are losses carried forward of £164,000 (2015: £143,000) 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.

#### 8 Dividends paid

	2016 £000	2015 £000
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares:		
- first interim dividend £40,698,149 per share (2015: £23,271,316 per share)	81,396	46,543
- second interim dividend £45,417,691 per share (2015: £22,578,816 per share)	90,835	45,158
Dividends paid	172,231	91,701

#### 9 Investments

##### a Summary

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Subsidiary (note 9b)	-	-	236,768	236,768
Associates (note 9c)	517,143	438,470	-	-
	517,143	438,470	236,768	236,768

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements (continued) Year Ended 31 March 2016

### 9 Investments (continued)

#### b Subsidiary undertakings

	Company
	Cost
	£000
<b>At 31 March 2015 and 31 March 2016</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:

	2016	2015
	£000	£000
<b>Share of the associate's statement of financial position:</b>		
Non-current assets	1,748,594	1,408,781
Current assets	355,950	377,710
Share of gross assets	2,104,544	1,786,491
Current liabilities	(251,453)	(307,214)
Non-current liabilities	(1,300,148)	(1,040,807)
Share of gross liabilities	(1,551,601)	(1,348,021)
Adjustments for foreign exchange losses in URENCO to 31 March 2016	(35,800)	-
Share of net assets	517,143	438,470

	2016	2015
	£000	£000
<b>Share of the associate's results</b>		
Revenue	445,557	432,949
Operating profit	160,741	175,355
Finance income	21,598	9,535
Finance cost	(62,603)	(44,907)
Finance cost - net	(41,005)	(35,372)
Profit before tax	119,736	139,983
Income tax expense	(19,590)	(31,343)
Profit for the year	100,146	108,640

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	Supply of enriched uranium	33% ordinary shares

\* The year end for URENCO Limited is 31 December 2015 and its accounts are prepared in €'s

#### 10 Trade and other receivables

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade and other receivables	-	82,001	-	-

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements (continued) Year Ended 31 March 2016

### 11 Cash and cash equivalents

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Cash at bank and in hand	63	45	63	45

### 12 Trade and other payables

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Accruals	23	26	23	26
	23	26	23	26

### 13 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 £000	Amortised cost £000	Total book value £000	2016
				Fair value £000
<b>Financial assets</b>				
Cash	63	-	63	63
<b>Financial liabilities</b>				
Trade and other payables	-	(23)	(23)	(23)
	63	(23)	40	40
<b>Group</b>				<b>2015</b>
	Loans and receivables £000	Amortised cost £000	Total book value £000	Fair value £000
<b>Financial assets</b>				
Trade and other receivables	82,001	-	82,001	82,001
Cash	45	-	45	45
<b>Financial liabilities</b>				
Trade and other payables	-	(26)	(26)	(26)
	82,046	(26)	82,020	82,020
<b>Company</b>				<b>2016</b>
	Loans and receivables £000	Amortised cost £000	Total book value £000	Fair value £000
<b>Financial assets</b>				
Cash	63	-	63	63
<b>Financial liabilities</b>				
Trade and other payables	-	(23)	(23)	(23)
	63	(23)	40	40

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements (continued) Year Ended 31 March 2016

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

Company	Loans and receivables £000	Amortised cost £000	Total book value £000	2015 Fair value £000
<b>Financial assets</b>				
Cash	45	-	45	45
<b>Financial liabilities</b>				
Trade and other payables	-	(26)	(26)	(26)
	45	(26)	19	19

### 14 Authorised and issued share capital

	2016 £	2015 £
<b>Allotted, called-up and fully-paid</b>		
2 (2015: 2) ordinary shares of £1 each	2	2

### 15 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 Limited 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.

#### *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.

### 16 Other related party transactions

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

During the year the Group entered into transactions, in the ordinary course of business, with other related parties.

Dividends of £172,273,000 were received from URENCO Limited during the year and the same amount was declared by Enrichment Investments Limited to Enrichment Holdings Limited in the year. Dividends declared in the year by Enrichment Holdings Limited totalled £172,231,000. All dividends between Enrichment Investments Limited and Enrichment Holdings Limited were settled on inter-company accounts.

#### **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.

# ENRICHMENT HOLDINGS LIMITED

## Notes to the Financial Statements (continued) Year Ended 31 March 2016

### 17 Significant transactions and events

The results of the Group's associate undertaking, URENCO are prepared to 31 December 2015. As there is a difference of three months between the year-end of URENCO and that of the Group, under IAS 28 Investments in Associates, the directors are required to consider any significant transactions and events between the two dates ie 1 January 2016 to 31 March 2016.

On Thursday 23 June 2016 the European Union (EU) referendum took place and the people of the United Kingdom (UK) voted to leave the EU. The decision by the UK to leave the EU has had an impact on the financial markets and on the value of the pound Sterling against various world currencies, in particular against the Euro and the US Dollar.

Whilst the EU referendum took place on 23 June 2016 which is after the Group's year end, the uncertainty which arose in the lead up to the referendum created significant volatility and uncertainty in the financial markets which in turn led to foreign exchange losses being recognised by URENCO in their results to 31 March 2016.

The adjustments made to the Group accounts in respect of these events have been summarised below.

	1/3 share of URENCO foreign exchange adjustments	Retranslate URENCO results at exchange rates at 31 Mar 16	Net adjustments
	£000	£000	£000
Share of post tax profits of associate accounted for using the equity method	(9,200)	-	(9,200)
Hedging reserve	(11,900)	-	(11,900)
Retained earnings	(21,100)	-	(21,100)
Foreign currency translation reserve	(14,700)	45,200	30,500
<b>Impact on reserves</b>	<b>(35,800)</b>	<b>45,200</b>	<b>9,400</b>

Whilst the net adjustment to the Group account is a gain of £9.4 million, there are significant losses that have been recognised on different lines of the financial statements which are offset by gains in other areas of the financial statements.

### 18 Non adjusting events after the financial period

A review of events after the reporting period (ie April 2016 onwards) has identified the following events:

On Thursday 23 June 2016 the European Union (EU) referendum took place and the people of the United Kingdom (UK) voted to leave the EU. As disclosed in note 17 this has impacted on the financial markets and on the value of the pound Sterling against various world currencies, in particular against the Euro and the US Dollar. Despite a fall in the value of the pound Sterling against these respective currencies, the net impact for the Company with respect to the receipt of dividends from URENCO and the translation of the results of URENCO in the consolidated accounts for the Group has been favourable to date (due to the fact that URENCO generates much of its revenue in US Dollars and reports its financial results in Euros) and therefore no post balance sheet adjustment is required in the accounts.

In July 2016 the ultimate controlling party, the Department for Business, Innovation & Skills was subject to a governmental reorganisation and was reformed as the Department for Business, Energy & Industrial Strategy (BEIS) following the incorporation of the former Department of Energy and Climate Change into its remit.