

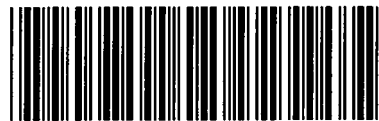
ENRICHMENT HOLDINGS LTD.

Registered No. 6387705

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2017

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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

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 2017.

RESULTS

The profit for the year, after taxation, amounted to £150,365,000 (loss for period ended 31 December 2016: £115,152,000). This profit represents a third share of the profits arising in the URENCO group in the year ended 31 December 2017.

During the year dividends of £86,254,000 were declared and paid (period to 31 December 2016: £nil).

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.

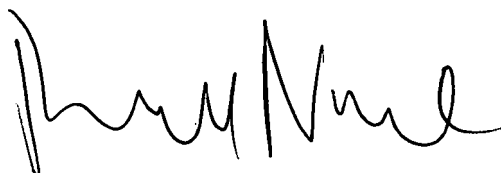
The principle risks and uncertainties for the Group's associate, URENCO, are set out in its own financial statements. The ultimate controlling party, the Department for Business, Energy & Industrial Strategy is represented on the URENCO board of directors by two non-executive directors which allows them 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 June 2018



ENRICHMENT HOLDINGS LTD.

DIRECTORS' REPORT

The Directors present their Directors' report and Group financial statements for the year ended 31 December 2017. In the prior period the Company changed its year end from 31 March 2017 to 31 December 2016 to align the year end with that of its associate undertaking, URENCO Limited.

DIRECTORS

The Directors who served during the period were as follows:

R Nourse
H Lloyd (resigned 15 June 2018)

The following director was appointed after the year end:

J Manson (appointed 15 June 2018)

DIVIDENDS

During the year dividends of £86,254,000 were declared and paid (period to 31 December 2016: £nil). After the year end dividends of £87,852,000 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, nor is it certain in any case that a sales process will require the winding up of EHL.

AUDITORS

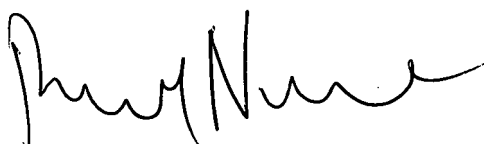
A resolution to reappoint Comptroller and Auditor General as the auditor will be proposed at the annual general meeting.

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
18 June 2018



ENRICHMENT HOLDINGS LTD.

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 LTD.

Opinion on financial statements

I have audited the financial statements of Enrichment Holdings Ltd. for the year ended 31 December 2017 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Statement of Cash Flows, the Group and 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 2017 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, and 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.

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 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.

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 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.

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

Auditor's responsibilities for the audit of the financial statements *(continued)*

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 or parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 or Company's ability to continue as a going concern. 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.
- 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.

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.

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

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 and the part of the directors' remuneration report to be audited 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 June 2018

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 2017

	Year ended 31 Dec 2017	1 Apr 2016 to 31 Dec 2016
Note	£000	£000
Operating costs and expenses	3	(19)
Operating loss	(19)	(21)
Share of post tax profits/(losses) of associate undertaking accounted for using the equity method	8	150,384
Profit/(loss) before income tax	150,365	(115,152)
Income tax expense	6	-
Profit/(loss) for the period from continuing operations	150,365	(115,152)
Other comprehensive income/(losses):		
Gains/(losses) recognised directly in equity - associate undertaking		
Items that may be reclassified subsequently to the income statement		
Exchange differences on foreign currency translation of foreign operations	(66,729)	163,451
Cash flow hedges	68,402	(29,103)
Net investment hedges	42,700	(76,190)
Deferred tax on net investment hedges	(12,413)	3,179
Current tax on net investment hedges	(3,417)	3,553
	28,543	64,890
Items that will not be reclassified to the income statement		
Actuarial gains/(losses) on defined benefit pension schemes	6,980	(25,722)
Deferred tax on actuarial gains/(losses)	(1,490)	4,006
Current tax on actuarial gains/(losses)	-	136
Utility partner payments	(29)	(82)
Deferred tax on utility partner payments	-	27
	5,461	(21,635)
Other comprehensive income for the period net of tax	34,004	43,255
Total comprehensive income/(loss) for the period	184,369	(71,897)

ENRICHMENT HOLDINGS LTD.

Group statement of changes in equity

	Equity share capital	Capital reserve	Foreign currency translation reserve	Retained earnings	Total equity
Note	£000	£000	£000	£000	£000
At 1 April 2016	-	236,768	76,304	204,111	517,183
Loss for the period	-	-	-	(115,152)	(115,152)
Other comprehensive income/(loss)	-	-	163,451	(120,196)	43,255
Total comprehensive (loss)/income for the period	-	-	163,451	(235,348)	(71,897)
Equity dividends paid	7	-	-	-	-
At 31 December 2016	-	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)
At 31 December 2017	-	236,768	173,026	133,607	543,401

Company statement of changes in equity

	Equity share capital	Capital reserve	Retained earnings	Total equity
Note	£000	£000	£000	£000
At 1 April 2016	-	236,768	40	236,808
Loss for the period	-	-	(21)	(21)
Total comprehensive loss for the period	-	-	(21)	(21)
Equity dividends paid	7	-	-	-
At 31 December 2016	-	236,768	19	236,787
Profit for the year	-	-	86,235	86,235
Total comprehensive profit for the year	-	-	86,235	86,235
Equity dividends paid	7	-	(86,254)	(86,254)
At 31 December 2017	-	236,768	-	236,768

ENRICHMENT HOLDINGS LTD.

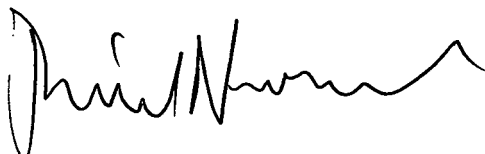
Group statement of financial position

Registered no. 6387705

		31-Dec 2017	31-Dec 2016
	Note	£000	£000
ASSETS			
Non-current assets			
Investment in associate	8	543,401	445,267
Current assets			
Cash and cash equivalents	9	21	60
		21	60
Total assets		543,422	445,327
LIABILITIES			
Current liabilities			
Trade and other payables	10	(21)	(41)
Total liabilities		(21)	(41)
Net assets		543,401	445,286
Capital and reserves attributable to equity holders			
Equity share capital	12	-	-
Capital reserve	13	236,768	236,768
Foreign currency translation reserve	13	173,026	239,755
Retained earnings		133,607	(31,237)
Total equity		543,401	445,286

The financial statements were approved by the Board of Directors on 18 June 2018 and were signed on its behalf by:

Richard Nourse
Director



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ENRICHMENT HOLDINGS LTD.

Company statement of financial position

		31-Dec 2017	31-Dec 2016
	Note	£000	£000
ASSETS			
Non-current assets			
Investment	8	236,768	236,768
Current assets			
Cash and cash equivalents	9	21	60
Total assets		236,789	236,828
LIABILITIES			
Current liabilities			
Trade and other payables	10	(21)	(41)
Total liabilities		(21)	(41)
Net assets		236,768	236,787
Capital and reserves attributable to equity holders			
Equity share capital	12	-	-
Capital reserve	13	236,768	236,768
Retained earnings		-	19
Total equity		236,768	236,787

The financial statements were approved by the Board of Directors on 18 June 2018 and were signed on its behalf by:

Richard Nourse
Director



RECEIVED 25 JUN 2018

ENRICHMENT HOLDINGS LTD.

Group statement of cash flows

for the year ended 31 December 2017

	Year ended 31 Dec 2017 £000	1 Apr 2016 to 31 Dec 2016 £000
Cash flows from operating activities		
Profit/(loss) for the period	150,365	(115,152)
Share of post tax profits of associate accounted for using the equity method	(150,384)	115,131
(Decrease)/increase in trade and other payables	(20)	18
Net cash outflow from operating activities	(39)	(3)
Cash flows from investing activities		
Dividends received from associates	86,254	-
Net cash inflow from investing activities	86,254	-
Cash flows from financing activities		
Dividends paid to Company's shareholders	(86,254)	-
Net cash used in financing activities	(86,254)	-
Net decrease in cash and cash equivalents	(39)	(3)
Cash and cash equivalents at beginning of year	60	63
Cash and cash equivalents at end of period	21	60

ENRICHMENT HOLDINGS LTD.

Company statement of cash flows

for the year ended 31 December 2017

	Year ended 31 Dec 2017 £000	1 Apr 2016 to 31 Dec 2016 £000
Cash flows from operating activities		
Profit/(loss) for the period	86,235	(21)
Dividend receivable from subsidiary	(86,254)	-
(Decrease)/increase in trade and other payables	(20)	18
Net cash outflow from operating activities	(39)	(3)
Cash flows from investing activities		
Dividends received from associates	86,254	-
Net cash inflow from investing activities	86,254	-
Cash flows from financing activities		
Dividends paid to Company's shareholders	(86,254)	-
Net cash used in financing activities	(86,254)	-
Net (decrease)/increase in cash and cash equivalents	(39)	(3)
Cash and cash equivalents at beginning of year	60	63
Cash and cash equivalents at end of year (period)	21	60

ENRICHMENT HOLDINGS LTD.

Notes to the Financial Statements for the year ended 31 December 2017

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 2017 were authorised for issue by the board of directors on 18 June 2018 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 2017 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 2017.

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 £86,235,000 (period ended 31 December 2016: loss £21,000) for the year ended 31 December 2017.

During the prior period the company changed its year end from 31 March 2017 to 31 December 2016 to align the year end with that of its associate undertaking, URENCO Limited. The prior period represents a 9 month period to 31 December 2016 whilst the current period represents a 12 month period to 31 December 2017.

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 1st January 2017 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 *
New standards	
IFRS 9 - Financial Instruments	1 January 2018
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019
Amended standards	
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments from Annual Improvements to IFRS Standards 2014-2016 Cycle to IAS 28 Investments in Associates and Joint Ventures	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

*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 2017

2. Accounting policies (continued)

c. New standards and interpretations not applied (continued)

The Directors have assessed the impact arising from the adoption of these standards and interpretations as follows:

- the application of IFRS 9, IFRS 15 and IFRS 16 is not expected to have any impact on the financial statements of the Group or Company on the basis that the Company does not have any financial instruments, revenue or leases.
- Amendments to IFRS 10 and IAS 28 – no impact is expected as these amendments relate to the loss of control of a subsidiary that is sold or contributed to an associate or joint venture which is not relevant to the Group.
- Amendments from Annual Improvement to IFRS Standards 2014-2016 Cycle to IAS 28 Investments in Associates and Joint Ventures – no impact is expected from these amendments as the Group only has one associate.
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration is not expected to impact on the Group financial statements on the basis that the Group and Company does not receive advance consideration.

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.

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. The prior period end was changed to 31 December 2016 to align with the year end of the associate.

ENRICHMENT HOLDINGS LTD.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

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.

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 LTD.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

3 Group operating loss

This is stated after charging:

	Year ended	Period ended
	31-Dec	31-Dec
	2017	2016
	£000	£000
Other operating charges	19	21

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.

	Year ended	Period ended
	31-Dec	31-Dec
	2017	2016
	£000	£000
Audit of the group financial statements	9	9
Other fees to auditors		
- auditing the accounts of subsidiaries	5	6
	14	15

5 Staff costs and directors' emoluments

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

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

6 Taxation

a Tax charged in the income statement

	Year ended	Period ended
	31-Dec	31-Dec
	2017	2016
	£000	£000
Income statement		
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 2017

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 19.25% (2016: 20%). The differences are reconciled below:

	Year ended 31-Dec 2017 £000	Period ended 31-Dec 2016 £000
Profit/(loss) before income tax	150,365	(115,152)
Accounting profit/(loss) before income tax	150,365	(115,152)
Accounting profit/(loss) multiplied by the UK standard rate of corporation tax of 19.25%	28,945	(23,030)
Adjustment in respect of associate's taxation	(28,949)	23,027
Exchange losses	-	-
Losses carried forward	4	3
	-	-

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/(loss) 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 17% for the year starting 1 April 2020.

d Deferred tax

There are losses carried forward of £200,000 (2016: £181,000) 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

	Year ended 31-Dec 2017 £000	Period ended 31-Dec 2016 £000
<i>Declared and paid during the period</i>		
Equity dividends on ordinary shares:		
- first interim dividend £43,126,982.50 per share (2016: £nil per share)	86,254	-
Dividends paid	86,254	-
<i>Declared and paid after the period</i>		
Equity dividends on ordinary shares:		
- interim dividend £43,925,982.50 per share (2016: £43,126,982.50 per share)	87,852	86,254
Dividends paid	87,852	86,254

ENRICHMENT HOLDINGS LTD.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

8 Investments

a Summary

	Group			Company
	31-Dec	31-Dec	31-Dec	31-Dec
	2017	2016	2017	2016
	£000	£000	£000	£000
Subsidiary (note 8b)	-	-	236,768	236,768
Associates (note 8c)	543,401	445,267	-	-
	543,401	445,267	236,768	236,768

b Subsidiary undertakings

	Company
	Cost
	£000
At 31 December 2016 and 2017	236,768

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
	2017	2016
	£000	£000
Share of the associate's statement of financial position:		
Non-current assets	1,618,350	1,682,442
Current assets	277,758	366,750
Share of gross assets	1,896,108	2,049,192
Current liabilities	(249,956)	(338,397)
Non-current liabilities	(1,102,751)	(1,265,528)
Share of gross liabilities	(1,352,707)	(1,603,925)
Share of net assets	543,401	445,267
Share of the associate's results		
Revenue	562,779	515,818
Operating profit/(loss)	254,622	(27,194)
Finance income	31,485	30,709
Finance cost	(72,403)	(95,621)
Finance cost - net	(40,918)	(64,912)
Profit/(loss) before tax	213,704	(92,106)
Income tax expense	(63,320)	(23,025)
Profit/(loss) for the period	150,384	(115,131)

ENRICHMENT HOLDINGS LTD.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

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
Principal subsidiary undertakings			
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 2017 £000	31-Dec 2016 £000	31-Dec 2017 £000	31-Dec 2016 £000
Cash at bank and in hand	21	60	21	60

10 Trade and other payables

	Group		Company	
	31-Dec 2017 £000	31-Dec 2016 £000	31-Dec 2017 £000	31-Dec 2016 £000
Accruals	21	41	21	41

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 £000	Amortised cost £000	Total book value £000	31-Dec 2017
				Fair value £000
Financial assets				
Cash	21	-	21	21
Financial liabilities				
Trade and other payables	-	(21)	(21)	(21)
	21	(21)	-	-

ENRICHMENT HOLDINGS LTD.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

11 Financial assets, liabilities and instruments (continued)

Group	31-Dec			
	2016			Fair value £000
	Loans and receivables £000	Amortised cost £000	Total book value £000	
Financial assets				
Cash	60	-	60	60
Financial liabilities				
Trade and other payables	-	(41)	(41)	(41)
	60	(41)	19	19

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

Company	31-Dec			
	2016			Fair value £000
	Loans and receivables £000	Amortised cost £000	Total book value £000	
Financial assets				
Cash	60	-	60	60
Financial liabilities				
Trade and other payables	-	(41)	(41)	(41)
	60	(41)	19	19

12 Authorised and issued share capital

	31-Dec 2017	31-Dec 2016
	£	£
Allotted, called-up and fully-paid		
2 (2016: 2) ordinary shares of £1 each	2	2

ENRICHMENT HOLDINGS LTD.

Notes to the Financial Statements (continued) for the year ended 31 December 2017

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 period.

Directors' transactions

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

15 Non adjusting events after the reporting period

A dividend of £87,852,000 was declared after the year end.