

# ENRICHMENT HOLDINGS LTD.

Registered No. 6387705

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2016

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# ENRICHMENT HOLDINGS LTD.

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# **ENRICHMENT HOLDINGS LTD.**

## **COMPANY INFORMATION**

### **DIRECTORS**

R Nourse  
H Lloyd

### **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 period ended 31 December 2016.

### RESULTS

The loss for the period, after taxation, amounted to £115,152,000 (profit for year ended 31 March 2016: £99,531,000). This loss represents a third share of the losses arising in the URENCO group in the year ended 31 December 2016. Whilst the underlying performance of the URENCO group continues to be profitable, it suffered a €740.1m exceptional loss in the year arising from a post-tax impairment charge on its US operations of €714.7m and a restructuring provision of €33m.

During the period there were no dividends declared (year to 31 March 2016: £172,231,000).

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

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

### PRINCIPAL RISKS AND UNCERTAINTIES

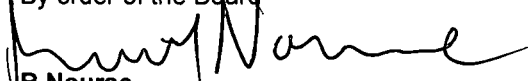
The Directors believe that the principal risk to the Group is the performance of its subsidiary and associated undertaking. The Group regularly monitors the performance of its subsidiary and associated undertaking.

The 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 September 2017

# ENRICHMENT HOLDINGS LTD.

## DIRECTORS' REPORT

The Directors present their Directors' report and Group financial statements for the period ended 31 December 2016. The Company and its subsidiary undertaking, Enrichment Investments Limited, have changed their year end to 31 December 2016 to align with that of its associated undertaking, URENCO Limited.

### DIRECTORS

The Directors who served during the period were as follows:

R Nourse  
H Lloyd

### DIVIDENDS

During the period no dividends were declared (year to 31 March 2016: £172,231,000). Interim dividends of £86,254,000 (year to 31 March 2016: £nil) were paid after the period end.

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

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 September 2017

# 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.**

I have audited the financial statements of Enrichment Holdings Ltd. for the period 1 April 2016 to 31 December 2016 which comprise the Group Statement of Comprehensive income, the Group and Company Statement of Financial Position, the Group and Company Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes. 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.

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, 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 in accordance with applicable law and 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 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 December 2016 and of the Group's (loss)/profit for the period 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 and Directors' Report for the period for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with the applicable legal requirements; and
- 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.

## **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 the parent Company, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.



**Peter Morland (Senior Statutory Auditor)**

19 September 2017

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



# ENRICHMENT HOLDINGS LTD.

## Group statement of comprehensive income

for the period from 1 April 2016 to 31 December 2016

	Note	1 Apr 2016 to 31 Dec 2016 £000	Year ended 31 Mar 2016 £000
Operating costs and expenses	3	(21)	(21)
<b>Operating loss</b>		<b>(21)</b>	<b>(21)</b>
Finance costs	6	-	(594)
Share of post tax (losses)/profits of associate undertaking accounted for using the equity method	9	(115,131)	100,146
<b>(Loss)/profit before income tax</b>		<b>(115,152)</b>	<b>99,531</b>
Income tax expense	7	-	-
<b>(Loss)/profit for the period from continuing operations</b>		<b>(115,152)</b>	<b>99,531</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		163,451	116,946
Cash flow hedges		(29,103)	(16,954)
Net investment hedges		(76,190)	(38,487)
Deferred tax on net investment hedges		3,179	1,317
Current tax on net investment hedges		3,553	(902)
		<b>64,890</b>	<b>61,920</b>
<b>Items that will not be reclassified to the income statement</b>			
Actuarial (losses)/gains on defined benefit pension schemes		(25,722)	10,013
Deferred tax on actuarial (losses)/gains		4,006	(2,491)
Current tax on actuarial (losses)/gains		136	-
Utility partner payments		(82)	(73)
Deferred tax on utility partner payments		27	24
		<b>(21,635)</b>	<b>7,473</b>
<b>Other comprehensive income for the period net of tax</b>		<b>43,255</b>	<b>69,393</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(71,897)</b>	<b>168,924</b>

# 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 2015	-	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
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	8	-	-	-	-
<b>At 31 December 2016</b>	-	236,768	239,755	(31,237)	445,286

## Company statement of changes in equity

	Equity share capital	Capital reserve	Retained earnings	Total equity
Note	£000	£000	£000	£000
At 1 April 2015	-	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
Loss for the period	-	-	(21)	(21)
Total comprehensive loss for the period	-	-	(21)	(21)
Equity dividends paid	8	-	-	-
<b>At 31 December 2016</b>	-	236,768	19	236,787

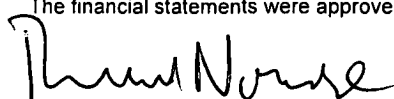
# ENRICHMENT HOLDINGS LTD.

## Group statement of financial position

Registered no. 6387705

		31-Dec	31-Mar
		2016	2016
	Note	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in associate	9	445,267	517,143
<b>Current assets</b>			
Cash and cash equivalents	10	60	63
		60	63
<b>Total assets</b>		<b>445,327</b>	<b>517,206</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	(41)	(23)
<b>Total liabilities</b>		<b>(41)</b>	<b>(23)</b>
<b>Net assets</b>		<b>445,286</b>	<b>517,183</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	13	-	-
Capital reserve	14	236,768	236,768
Foreign currency translation reserve	14	239,755	76,304
Retained earnings		(31,237)	204,111
<b>Total equity</b>		<b>445,286</b>	<b>517,183</b>

The financial statements were approved by the Board of Directors on 18 September 2017 and were signed on its behalf by:




Richard Nourse  
Director

# ENRICHMENT HOLDINGS LTD.

## Company statement of financial position

		31-Dec	31-Mar
		2016	2016
	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	10	60	63
<b>Total assets</b>		<b>236,828</b>	<b>236,831</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	(41)	(23)
<b>Total liabilities</b>		<b>(41)</b>	<b>(23)</b>
<b>Net assets</b>		<b>236,787</b>	<b>236,808</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	13	-	-
Capital reserve	14	236,768	236,768
Retained earnings		19	40
<b>Total equity</b>		<b>236,787</b>	<b>236,808</b>

The financial statements were approved by the Board of Directors on 18 September 2017 and were signed on its behalf by:

  
Richard Nourse  
Director

# ENRICHMENT HOLDINGS LTD.

## Group statement of cash flows

for the period from 1 April 2016 to 31 December 2016

	1 Apr 2016 to 31 Dec 2016 £000	Year ended 31 Mar 2016 £000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(115,152)	99,531
Finance costs	-	594
Share of post tax profits of associate accounted for using the equity method	115,131	(100,146)
Increase/(decrease) in trade and other payables	18	(3)
<b>Net cash outflow from operating activities</b>	<b>(3)</b>	<b>(24)</b>
<b>Cash flows from investing activities</b>		
Dividends received from associates	-	172,273
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>172,273</b>
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	-	(172,231)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(172,231)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3)</b>	<b>18</b>
Cash and cash equivalents at beginning of year	63	45
<b>Cash and cash equivalents at end of period (year)</b>	<b>60</b>	<b>63</b>

# ENRICHMENT HOLDINGS LTD.

## Company statement of cash flows

for the period from 1 April 2016 to 31 December 2016

	1 Apr 2016 to 31 Dec 2016 £000	Year ended 31 Mar 2016 £000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period	(21)	172,252
Dividend receivable from subsidiary	-	(172,273)
Increase/(decrease) in trade and other payables	18	(3)
<b>Net cash outflow from operating activities</b>	<b>(3)</b>	<b>(24)</b>
<b>Cash flows from investing activities</b>		
Dividends received from associates	-	172,273
<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>172,273</b>
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	-	(172,231)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(172,231)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3)</b>	<b>18</b>
Cash and cash equivalents at beginning of year	63	45
<b>Cash and cash equivalents at end of period (year)</b>	<b>60</b>	<b>63</b>

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements For the Period 1 April 2016 to 31 December 2016

### 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 period ended 31 December 2016 were authorised for issue by the board of directors on September 2017 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 period ended 31 December 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 period ended 31 December 2016.

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, and have concluded, in light of the discussions between stakeholders, 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 loss after taxation of £21,000 (year ended 31 March 2016: profit £172,252,000) for the period ended 31 December 2016.

During the year 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 12 month period to 31 March 2016 whilst the current period represents a 9 month period to 31 December 2016. Adjustment made to the Group's share of URENCO Limited's results consolidated in the prior period accounts arising from events after the reporting period have been reversed in the current period.

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

There have been no new standards, amendments or interpretations issued or made effective for the financial period commencing 1<sup>st</sup> April 2016 that have had a material impact on the financial statements of the Group.

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) For the Period 1 April 2016 to 31 December 2016

### 2. Accounting policies (continued)

#### 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:

	Effective date *
<b>New standards</b>	
IFRS 9 - Financial Instruments	1 January 2018
IFRS 14 - Regulatory Deferral Accounts - First time adopters with first financial statements beginning on or after	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019
<b>Amended standards</b>	
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 7: Disclosure Initiative	1 January 2017
Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments from Annual Improvements to IFRS Standards 2014–2016 Cycle to IFRS 1 First Time Adoption of IFRS	1 January 2018
Amendments from Annual Improvements to IFRS Standards 2014–2016 Cycle to IAS 28 Investments in Associates and Joint Ventures	1 January 2018
Amendments from Annual Improvements to IFRS Standards 2014–2016 Cycle to IFRS 12 Disclosure of Interests in Other Entities	1 January 2017
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to IAS 40: Transfers of Investment Property	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 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 Ltd.; the subsidiary it controls and the associate over which significant influence is held, drawn up to 31 December. The Company and its subsidiary undertaking, Enrichment Investments Limited, have changed the year end to 31 December 2016 from 31 March to align with that of its associated undertaking, URENCO Limited.

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.



# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) For the Period 1 April 2016 to 31 December 2016

### 2. Accounting policies (continued)

#### *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 current period end has been changed to 31 December 2016 to align with the year end of the associate, however in prior years the year end was 31 March which was within three months of the year end as permitted by IAS 28 Investments in associates. Where there was a difference in the year end of the Group and the associate, where necessary, adjustments were 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 were 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 were made for any significant events or transactions that arose 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 LTD.

## Notes to the Financial Statements (continued) for the Period from 1 April 2016 to 31 December 2016

### 3 Group operating loss

This is stated after charging:

	Period ended	Year ended
	31-Dec	31-Mar
	2016	2016
	£000	£000
Other operating charges	21	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.

	Period ended	Year ended
	31-Dec	31-Mar
	2016	2016
	£000	£000
Audit of the group financial statements	9	6
Other fees to auditors		
- auditing the accounts of subsidiaries	6	6
	15	12

### 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 Finance costs

	Period ended	Year ended
	31-Dec	31-Mar
	2016	2016
	£000	£000
Foreign exchange losses	-	594

### 7 Taxation

#### a Tax charged in the income statement

	Period ended	Year ended
	31-Dec	31-Mar
	2016	2016
	£000	£000
<b>Income statement</b>		
Current income tax:		
UK corporation tax	-	-
Total current income tax	-	-
Tax charged in the income statement	-	-

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the Period from 1 April 2016 to 31 December 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% (2016: 20%). The differences are reconciled below:

	Period ended	Year ended
	31-Dec	31-Mar
	2016	2016
	£000	£000
(Loss)/profit before income tax	(115,152)	99,531
Accounting (loss)/profit before income tax	(115,152)	99,531
Accounting (loss)/profit multiplied by the UK standard rate of corporation tax of 20%	(23,030)	19,906
Adjustment in respect of associate's taxation	23,027	(20,029)
Exchange losses	-	119
Losses carried forward	3	4
	-	-

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

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

The government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 17% for the year starting 1 April 2020.

#### d Deferred tax

There are losses carried forward of £181,000 (31 March 2016: £164,000) 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

	Period ended	Year ended
	31-Dec	31-Mar
	2016	2016
	£000	£000
<i>Declared and paid during the period</i>		
Equity dividends on ordinary shares:		
- first interim dividend £nil per share (31 March 2016: £40,698,149 per share)	-	81,396
- second interim dividend £nil per share (31 March 2016: £45,417,691 per share)	-	90,835
Dividends paid	-	172,231
<i>Declared and paid after the period</i>		
Equity dividends on ordinary shares:		
- interim dividend £43,126,982.50 per share (31 March 2016: £nil per share)	86,254	-
Dividends paid	86,254	-

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the Period from 1 April 2016 to 31 December 2016

### 9 Investments

#### a Summary

	Group		Company	
	31-Dec 2016 £000	31-Mar 2016 £000	31-Dec 2016 £000	31-Mar 2016 £000
Subsidiary (note 9b)	-	-	236,768	236,768
Associates (note 9c)	445,267	517,143	-	-
	<b>445,267</b>	<b>517,143</b>	<b>236,768</b>	<b>236,768</b>

#### b Subsidiary undertakings

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

	31-Dec 2016 £000	31-Mar 2016 £000
<b>Share of the associate's statement of financial position:</b>		
Non-current assets	1,682,442	1,748,594
Current assets	366,750	355,950
Share of gross assets	2,049,192	2,104,544
Current liabilities	(338,397)	(251,453)
Non-current liabilities	(1,265,528)	(1,300,148)
Share of gross liabilities	(1,603,925)	(1,551,601)
Adjustments for foreign exchange losses in URENCO to 31 December 2016 (31 March 2016)	-	(35,800)
Share of net assets	<b>445,267</b>	<b>517,143</b>
	31-Dec 2016 £000	31-Mar 2016 £000
<b>Share of the associate's results</b>		
Revenue	515,818	445,557
Operating (loss)/profit	(27,194)	160,741
Finance income	30,709	21,598
Finance cost	(95,621)	(62,603)
Finance cost - net	(64,912)	(41,005)
(Loss)/profit before tax	(92,106)	119,736
Income tax expense	(23,025)	(19,590)
(Loss)/profit for the period	<b>(115,131)</b>	<b>100,146</b>

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the Period from 1 April 2016 to 31 December 2016

### 9 Investments (continued)

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

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

\* The year end for URENCO Limited is 31 December 2016 and its accounts are prepared in €'s

### 10 Cash and cash equivalents

	Group		Company	
	31-Dec 2016	31-Mar 2016	31-Dec 2016	31-Mar 2016
	£000	£000	£000	£000
Cash at bank and in hand	60	63	60	63

### 11 Trade and other payables

	Group		Company	
	31-Dec 2016	31-Mar 2016	31-Dec 2016	31-Mar 2016
	£000	£000	£000	£000
Accruals	41	23	41	23
	41	23	41	23

### 12 Financial assets, liabilities and instruments

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

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

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the Period from 1 April 2016 to 31 December 2016

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

Group				31-Mar
				2016
	Loans and receivables	Amortised cost	Total book value	Fair value
	£000	£000	£000	£000
<b>Financial assets</b>				
Cash	63	-	63	63
<b>Financial liabilities</b>				
Trade and other payables	-	(23)	(23)	(23)
	<b>63</b>	<b>(23)</b>	<b>40</b>	<b>40</b>

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

Company				31-Mar
				2016
	Loans and receivables	Amortised cost	Total book value	Fair value
	£000	£000	£000	£000
<b>Financial assets</b>				
Cash	63	-	63	63
<b>Financial liabilities</b>				
Trade and other payables	-	(23)	(23)	(23)
	<b>63</b>	<b>(23)</b>	<b>40</b>	<b>40</b>

### 13 Authorised and issued share capital

	31-Dec	31-Mar
	2016	2016
	£	£
<b>Allotted, called-up and fully-paid</b>		
2 (31 March 2016: 2) ordinary shares of £1 each	2	2

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the Period from 1 April 2016 to 31 December 2016

### 14 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.

### 15 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.

### 16 Non adjusting events after the reporting period

A dividend of £86,254,000 was declared after the year end.