

# **ENRICHMENT HOLDINGS LTD.**

Registered No. 6387705

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

31 December 2020

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## **ENRICHMENT HOLDINGS LTD.**

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# **ENRICHMENT HOLDINGS LTD.**

## **COMPANY INFORMATION**

### **DIRECTORS**

R Nourse  
J Manson

### **AUDITORS**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

### **BANKERS**

Royal Bank of Scotland  
2<sup>nd</sup> Floor  
Bishopsgate  
London  
EC2M 4RB

### **REGISTERED OFFICE**

1 Victoria Street  
London  
SW1H 0ET

# **ENRICHMENT HOLDINGS LTD.**

## **STRATEGIC REPORT**

The Directors present their strategic report for the financial year ended 31 December 2020.

### **RESULTS**

The profit for the year, after taxation, amounted to £149,689,000 (31 December 2019: £2,193,000). This profit represents a third share of the profits arising in the Urenco group in the year ended 31 December 2020.

During the year dividends of £93,692,000 were declared and paid (31 December 2019: £86,671,000).

### **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). 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.

The group's third share of Urenco's profit after tax for the year ended 31 December 2020 was £149.7m (31 December 2019: £165.1m before exceptional items) and shows a strong underlying performance of the Urenco group.

In the year ended 31 December 2019, there were two exceptional items that resulted in a reduction of the group's third share Urenco's profit after tax. The exceptional charge related to an impairment of the carrying value of the US operations of €500.0m (£446.0m post-tax) and an exceptional charge of €143.0m on a pre-tax basis (£111.2m post-tax) arose due to the increase in the value of nuclear provisions held by the European enrichment businesses following a revision to the discount rates applied to the provisions. The impact of these two exceptional items resulted in a decrease of £162.9m in the group's third share of Urenco's profit after tax for the year ended 31 December 2019.

### **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 (BEIS) 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. As disclosed in the Urenco accounts, Urenco does have policies in place to mitigate against the risk of the movement in foreign exchange rates.

### **COVID-19**

The Coronavirus pandemic has not impacted on the Company and its ability to manage its investment in Urenco.

Urenco disclosed in its financial statements for the year ended 31 December 2020 that "Urenco has maintained its 100% delivery record and, in doing so, helped to keep hospitals, homes and critical businesses powered all around the world. Urenco's employees and business partners have rapidly adapted to new ways of working. The key priority was to ensure safety and wellbeing by incorporating comprehensive prevention, response and support measures. The Board remains confident that the measures will continue to manage the challenges of COVID-19. Urenco's operations are underpinned by the ability to provide services for customers from four production sites in Germany, the Netherlands, the UK and the US."

**ENRICHMENT HOLDINGS LTD:**

**STRATEGIC REPORT (continued)**

By order of the Board



Justin Manson

Director

9 Aug 2021

## **ENRICHMENT HOLDINGS LTD.**

### **DIRECTORS' REPORT**

The Directors present their Directors' report and Group financial statements for the year ended 31 December 2020.

#### **DIRECTORS**

The Directors who served during the period were as follows:

R Nourse  
J Manson

#### **DIVIDENDS**

During the year dividends of £93,692,000 were declared and paid (2019: £86,671,000). After the year end dividends of £88,436,000 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.

The Directors believe that it remains appropriate for the financial statements to be prepared on a going concern basis. The company has adequate financial resources and its cash flow forecasts indicate that there are sufficient funds to cover the cash needs to at least a year after the approval date of these financial statements.

The Directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **FUTURE DEVELOPMENTS**

Enriched uranium inventories have led to excess capacity in the market, and Urenco expects further increases in inventories in the mid-term. Policy decisions in some European countries and North America support the nuclear industry, with investment in current reactors and delays to phase-outs of capacity. Investment in new nuclear is most pronounced in Asia, where the industry is growing rapidly.

Urenco's contract order book leaves it well-placed to meet challenges from the enrichment market. The business continues to contract new business at levels which gives optimism that customers understand the importance of having a market that can promote reinvestment.

#### **AUDITORS**

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

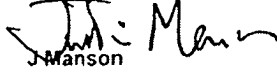

#### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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.

**ENRICHMENT HOLDINGS LTD:**

**DIRECTORS' REPORT (continued)**

By order of the Board

  
J. Manson  
Director  
 2021

## **ENRICHMENT HOLDINGS LTD.**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

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

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

We confirm that to the best of our knowledge:

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



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

## **Opinion on financial statements**

I have audited the financial statements of Enrichment Holdings Ltd. for the year ended 31 December 2020 which comprise the group Statement of Comprehensive Income, the group and parent company Statement of Changes in Equity, the group and parent company Statement of Financial Position, the group and parent company Statement of Cash flows 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 Accounting Standards 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 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and applicable law. 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of Enrichment Holdings Ltd. in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that Enrichment Holdings Ltd.'s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Enrichment Holdings Ltd.'s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Other Information**

The other information comprises information included in the Strategic and Directors' Report but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

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

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

In my opinion, based on the work undertaken in the course of the audit:

- 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.
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of Enrichment Holdings Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic report or the Directors' report.

I have nothing to report in respect of the following matters in relation to which 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
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

### **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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity 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 report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

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

My procedures included the following:

- Inquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to Enrichment Holdings Limited's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team, including significant component audit teams, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals as part of accounts preparation.
- obtaining an understanding of Enrichment Holdings Ltd. and group's framework of authority as well as other legal and regulatory frameworks that Enrichment Holdings Ltd. and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Enrichment Holdings Ltd. and group. The key laws and regulations I considered in this context included Companies Act 2006 and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

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.

  
Stephen Young (Senior Statutory Auditor)

11 August 2021

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 2020

		Year ended 31 Dec 2020	Year ended 31 Dec 2019
	Note	£000	£000
Operating costs and expenses	3	(30)	(28)
Operating loss		(30)	(28)
Share of post tax profits of associate undertaking accounted for using the equity method	8	149,719	2,221
<b>Profit before income tax</b>		<b>149,689</b>	<b>2,193</b>
Income tax expense	6	-	-
<b>Profit for the period from continuing operations</b>		<b>149,689</b>	<b>2,193</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>			
Cash flow hedges - transfers to revenue		11,526	11,750
Cash flow hedges - mark to market losses		13,956	(8,898)
Movements on cost of hedge reserve		(1,985)	(4,559)
Deferred tax expense on financial instruments		(5,570)	(848)
Current tax (expense)/income on financial instruments		(2,281)	1,837
Exchange differences on hedge reserve		2,430	(3,566)
<b>Total movement to hedge reserve</b>		<b>18,076</b>	<b>(2,484)</b>
Exchange differences on foreign currency translation of URENCO in these group accounts		37,120	(32,305)
Exchange differences on foreign currency translation of foreign operations		(32,889)	14,117
Net investment hedges - mark to market gains		(3,793)	11,603
Deferred tax income on financial instruments		1,126	760
Current tax expense on financial instruments		(977)	(1,811)
Share of joint venture exchange differences on foreign currency translation of foreign operations		(30)	29
<b>Total movements to foreign currency translation reserve</b>		<b>557</b>	<b>(7,607)</b>
<b>Items that will not be reclassified to the income statement</b>			
Actuarial gains/(losses) on defined benefit pension schemes		474	(4,939)
Deferred tax income on actuarial gains/(losses)		-	526
Current tax income on actuarial gains/(losses)		-	380
Share of joint venture actuarial losses on defined benefit pension schemes		(563)	(1,111)
Share of joint venture deferred tax income on defined benefit pension schemes		741	-
		652	(5,144)
<b>Other comprehensive income/(loss) for the period net of tax</b>		<b>19,285</b>	<b>(15,235)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>168,974</b>	<b>(13,042)</b>

## ENRICHMENT HOLDINGS LTD.

### Group statement of changes in equity

	Equity share capital	Capital reserve	Foreign currency translation reserve	Hedging reserve	Retained earnings	Total equity
Note	£000	£000	£000	£000	£000	£000
At 1 January 2019	-	236,768	95,534	(1,824)	307,182	637,660
Profit for the year	-	-	-	-	2,193	2,193
Other comprehensive (loss)/income	-	-	(7,607)	(2,484)	(5,144)	(15,235)
Total comprehensive (loss)/income for the year	-	-	(7,607)	(2,484)	(2,951)	(13,042)
Equity dividends paid	7	-	-	-	(86,671)	(86,671)
At 31 December 2019	-	236,768	87,927	(4,308)	217,560	637,947
Profit for the year	-	-	-	-	149,689	149,689
Other comprehensive income	-	-	557	18,076	652	19,285
Total comprehensive income for the year	-	-	557	18,076	150,341	168,974
Equity dividends paid	7	-	-	-	(93,692)	(93,692)
At 31 December 2020	-	236,768	88,484	13,768	274,209	613,229

### Company statement of changes in equity

	Equity share capital	Capital reserve	Retained earnings	Total equity
Note	£000	£000	£000	£000
At 1 January 2019	-	236,768	12	236,780
Profit for the year	-	-	86,643	86,643
Total comprehensive income for the year	-	-	86,643	86,643
Equity dividends paid	7	-	(86,671)	(86,671)
At 31 December 2019	-	236,768	(16)	236,752
Profit for the year	-	-	139,137	139,137
Total comprehensive profit for the year	-	-	139,137	139,137
Equity dividends paid	7	-	(93,692)	(93,692)
At 31 December 2020	-	236,768	45,429	282,197

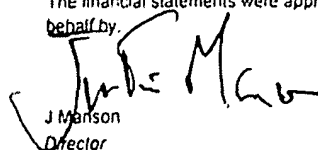
# ENRICHMENT HOLDINGS LTD.

## Group statement of financial position

Registered no. 6387705

		31-Dec 2020	31-Dec 2019
	Note	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in associate	8	567,800	537,963
<b>Current assets</b>			
Cash and cash equivalents	9	45,482	14
		45,482	14
<b>Total assets</b>		<b>613,282</b>	<b>537,977</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(53)	(30)
<b>Total liabilities</b>		<b>(53)</b>	<b>(30)</b>
<b>Net assets</b>		<b>613,229</b>	<b>537,947</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	12	-	-
Capital reserve	13	236,768	236,768
Foreign currency translation reserve	13	88,484	87,927
Hedging reserve		13,768	(4,308)
Retained earnings		274,209	217,560
<b>Total equity</b>		<b>613,229</b>	<b>537,947</b>

The financial statements were approved by the Board of Directors on 5 May 2021 and were signed on its behalf by:

  
J. Manson  
Director

# ENRICHMENT HOLDINGS LTD.

## Company statement of financial position

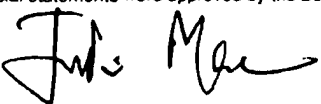
Registered no. 6387705

		31-Dec 2020	31-Dec 2019
	Note	£000	£000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment	8	236,768	236,768
<b>Current assets</b>			
Cash and cash equivalents	9	45,482	14
<b>Total assets</b>		<b>282,250</b>	<b>236,782</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(53)	(30)
<b>Total liabilities</b>		<b>(53)</b>	<b>(30)</b>
<b>Net assets</b>		<b>282,197</b>	<b>236,752</b>
<b>Capital and reserves attributable to equity holders</b>			
Equity share capital	12	-	-
Capital reserve	13	236,768	236,768
Retained earnings		45,429	(16)
<b>Total equity</b>		<b>282,197</b>	<b>236,752</b>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the year was £139,137,000 (2019 - £86,643,000).

The financial statements were approved by the Board of Directors on 4 May 2021 and were signed on its behalf by:

J Manson  
Director



# ENRICHMENT HOLDINGS LTD.

## Group statement of cash flows

for the year ended 31 December 2020

	31-Dec 2020	31-Dec 2019
	£000	£000
<b>Cash flows from operating activities</b>		
Profit for the period	149,689	2,193
Share of post tax profits of associate accounted for using the equity method	(149,719)	(2,221)
Increase in trade and other payables	23	9
Net cash outflow from operating activities	(7)	(19)
<b>Cash flows from investing activities</b>		
Dividends received from associates	139,167	86,671
Net cash inflow from investing activities	139,167	86,671
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	(93,692)	(86,671)
Net cash used in financing activities	(93,692)	(86,671)
Net increase/(decrease) in cash and cash equivalents	45,468	(19)
Cash and cash equivalents at beginning of year	14	33
Cash and cash equivalents at end of year	45,482	14



# ENRICHMENT HOLDINGS LTD.

## Company statement of cash flows

for the year ended 31 December 2020

	31-Dec 2020 £000	31-Dec 2019 £000
<b>Cash flows from operating activities</b>		
Profit for the period	139,137	86,643
Dividend receivable from subsidiary	(139,167)	(86,671)
Increase in trade and other payables	23	9
Net cash outflow from operating activities	(7)	(19)
<b>Cash flows from investing activities</b>		
Dividends received from subsidiary	139,167	86,671
Net cash inflow from investing activities	139,167	86,671
<b>Cash flows from financing activities</b>		
Dividends paid to Company's shareholders	(93,692)	(86,671)
Net cash used in financing activities	(93,692)	(86,671)
Net Increase/(decrease) in cash and cash equivalents	45,468	(19)
Cash and cash equivalents at beginning of year	14	33
Cash and cash equivalents at end of year	45,482	14

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements for the year ended 31 December 2020

### 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 2020 were authorised for issue by the board of directors and the statement of financial position was signed on the board's behalf by Justin Manson. 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 2020 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 2020.

The Directors have assessed the Company's ability to continue as a going concern. EHL has adequate financial resources and its cash flow forecasts indicate that there are sufficient funds to cover the cash needs to at least a year after the approval date of these financial statements. The Directors are satisfied that EHL has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore concluded that it remains appropriate for the financial statements to be prepared on a going concern basis.

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 £139,137,000 (2019: £88,643,000) for the year ended 31 December 2020.

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

There have been no new standards, amendments or interpretations issued or made effective for the financial period commencing 1<sup>st</sup> January 2020 that have had a material impact on the financial statements of the Group. Any impact on the Group's associate undertaking's financial statements has been disclosed in its group accounts.

#### 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 *
Annual Improvements to IFRS Standards 2018-2020	01 Jan 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	01 Jan 2022
IFRS 17 Insurance Contracts	01 Jan 2023
Classification of liabilities as current or non-current (Amendments to IAS 1)	01 Jan 2023
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Optional

\*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 2020

#### 2. Accounting policies (continued)

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

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group or Company in future periods.

The 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.

On 1 April 2008 Enrichment Investments Limited was transferred, by means of a transfer scheme under the Energy Act 2004, from British Nuclear Fuels Limited to Enrichment Holdings Limited. As a result of this transfer, on 1 April 2008 the assets and liabilities of Enrichment Investment Limited and its associate Urenco Limited were fair valued based on Urenco Limited's financial statements for the year ended 31 December 2007 after adjusting for trading to 31 March 2008 and goodwill previously written off in its accounts.

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

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

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

##### e. Basis of consolidation

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

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

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

##### f. Interests in associates

The Group's interest in its associate, 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.

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

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 LTD.

### Notes to the Financial Statements (continued) for the year ended 31 December 2020

#### 2. Accounting policies (continued)

##### *g. Foreign currency translation*

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

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

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

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

##### *h. Impairment of assets*

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

##### *i. Investments*

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

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

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

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

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

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

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

## ENRICHMENT HOLDINGS LTD.

### Notes to the Financial Statements (continued) for the year ended 31 December 2020

#### 3 Group operating loss

This is stated after charging:

	31-Dec 2020 £000	31-Dec 2019 £000
Other operating charges	30	28

#### 4 Auditors' remuneration

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

	31-Dec 2020 £000	31-Dec 2019 £000
Audit of the group financial statements	14	15
Other fees to auditors		
- auditing the accounts of subsidiaries	9	7
	23	22

#### 5 Staff costs and directors' emoluments

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

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

#### 6 Taxation

##### a Tax charged in the Income statement

	31-Dec 2020 £000	31-Dec 2019 £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 2020

### 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% (2019: 19%). The differences are reconciled below:

	31-Dec 2020 £000	31-Dec 2019 £000
Profit before income tax	149,689	2,193
Accounting profit before income tax	149,689	2,193
Accounting profit multiplied by the UK standard rate of corporation tax of 19%	28,441	417
Adjustment in respect of associate's taxation	(28,447)	(422)
Losses carried forward	6	5
	-	-

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

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

In the Budget 2020, the government announced the Corporation Tax main rate would remain at 19% for the years starting the 1 April 2020 and 2021. In the Budget 2021, the government announced that the Corporation Tax main rate for the years starting 1 April 2021 and 2022 would remain at 19% and will rise to 25% from 1 April 2023.

#### d Deferred tax

There are losses carried forward of £279,000 (2019: £249,000) in respect of unrelieved management expenses. No deferred tax has been provided in respect of these losses as these losses are not expected to be utilised in the future.

### 7 Dividends paid

	31-Dec 2020 £000	31-Dec 2019 £000
<i>Declared and paid during the year</i>		
Equity dividends on ordinary shares:		
- first interim dividend £46,845,982.50 per share (2019: £43,335,482.50 per share)	93,692	86,671
Dividends paid	93,692	86,671
<i>Declared and paid after the year</i>		
Equity dividends on ordinary shares:		
- interim dividend £44,218,207.57 per share (2019: £46,845,982.50 per share)	88,436	93,692
Dividends paid	88,436	93,692

# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2020

### 8 Investments

#### a Summary

	Group		Company	
	31-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
	£000	£000	£000	£000
Subsidiary (note 8b)	-	-	236,768	236,768
Associates (note 8c)	567,800	537,963	-	-
	567,800	537,963	236,768	236,768

#### b Subsidiary undertakings

	Company
	Cost
	£000
At 31 December 2019 and 2020	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 2020	31-Dec 2019
	£000	£000
<b>Share of the associate's statement of financial position:</b>		
Non-current assets	1,384,044	1,408,993
Current assets	606,176	446,522
Share of gross assets	1,989,219	1,855,515
Current liabilities	(277,178)	(112,962)
Non-current liabilities	(1,144,241)	(1,204,590)
Share of gross liabilities	(1,421,419)	(1,317,552)
Share of net assets	567,800	537,963
	31-Dec 2020	31-Dec 2019
	£000	£000
<b>Share of the associate's results</b>		
Revenue	503,733	527,400
Operating profit	221,867	60,558
Finance income	25,333	21,716
Finance cost	(49,748)	(53,018)
Finance cost - net	(24,416)	(31,302)
Profit before tax	197,452	29,256
Income tax expense	(47,733)	(27,035)
Profit for the year	149,719	2,221

## ENRICHMENT HOLDINGS LTD.

### Notes to the Financial Statements (continued) for the year ended 31 December 2020

#### 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
<i>Principal subsidiary undertakings</i>			
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 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
	£000	£000	£000	£000
Cash at bank and in hand	46,482	14	46,482	14

#### 10 Trade and other payables

	Group		Company	
	31-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
	£000	£000	£000	£000
Accruals	53	30	53	30
	53	30	53	30

#### 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

The fair value of the financial assets and liabilities below have been assessed as the same as the book values on the basis that the financial assets and financial liabilities are current and there is no indication of any change to the book value at the year end.

Group				31-Dec 2020
	Loans and receivables	Amortised cost	Total book value	Fair value
	£000	£000	£000	£000
<b>Financial assets</b>				
Cash	46,482	-	46,482	46,482
<b>Financial liabilities</b>				
Trade and other payables	-	(53)	(53)	(53)
	46,482	(53)	46,429	46,429



# ENRICHMENT HOLDINGS LTD.

## Notes to the Financial Statements (continued) for the year ended 31 December 2020

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

Group				31-Dec 2019
	Loans and receivables £000	Amortised cost £000	Total book value £000	Fair value £000
<b>Financial assets</b>				
Cash	14	-	14	14
<b>Financial liabilities</b>				
Trade and other payables	-	(30)	(30)	(30)
	14	(30)	(16)	(16)

Company				31-Dec 2020
	Loans and receivables £000	Amortised cost £000	Total book value £000	Fair value £000
<b>Financial assets</b>				
Cash	45,482	-	45,482	45,482
<b>Financial liabilities</b>				
Trade and other payables	-	(53)	(53)	(53)
	45,482	(53)	45,429	45,429

Company				31-Dec 2019
	Loans and receivables £000	Amortised cost £000	Total book value £000	Fair value £000
<b>Financial assets</b>				
Cash	14	-	14	14
<b>Financial liabilities</b>				
Trade and other payables	-	(30)	(30)	(30)
	14	(30)	(16)	(16)

### 12 Authorised and issued share capital

	31-Dec 2020	31-Dec 2019
	£	£
Allotted, called-up and fully-paid		
2 (2019: 2) ordinary shares of £1 each	2	2

### 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).

## **ENRICHMENT HOLDINGS LTD.**

### **Notes to the Financial Statements (continued) for the year ended 31 December 2020**

#### **13 Reserves (continued)**

##### ***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.

##### ***Hedging reserve***

The hedging reserve is used to record the following components of equity in the URENCO accounts:

- changes in the fair values of cash flow hedging instruments
- changes in the fair value of the currency basis spread as included in the fair value of financial instruments that are in a hedge relationship and the changes in the fair value of the forward points of forward foreign exchange contracts that are hedging future revenue.

#### **14 Other related party transactions**

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

##### **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.

#### **16 Non adjusting events after the reporting period**

A dividend of £88,436,000 was declared on 31 March 2021