urenco

Annual report and accounts 2013

Trusted to deliver

Financial and operational highlights

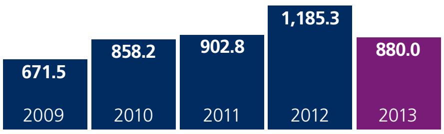
Revenue
(€million)

€1,515m

EBITDA
(€million)

€968m

Cash generated from operating activities
(€million)

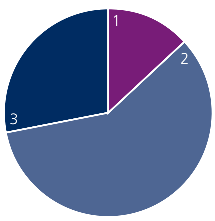


€880m

Net income
(€million)

€337m

Capital expenditure
(€million)



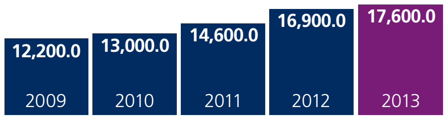
1 European Enrichment Sites **€77.9m**
2 USA Enrichment Site **€345.1m**
3 TMF **€163.8m**

€587m

We have increased our global capacity to 17,600 tSW/a at the end of 2013 compared to 16,900 tSW/a at the end of 2012. We are on track to achieve our capacity target of 18,000 tSW/a by 2015.

17,600 tSW/a

Capacity
(tSW/a)



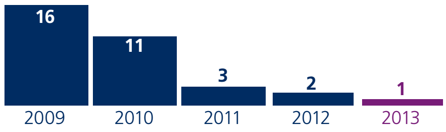
We met 100% of our customer delivery commitments again this year.

100%

We had one Lost Time Incident related to employees and contractors across our enrichment facilities and construction sites in 2013.

1

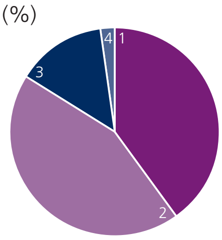
Lost Time Incidents



Our order book extends beyond 2025 and reflects our global customer base:

2025

Customer base
(%)



1 USA **40%**
2 Europe **44%**
3 Asia **14%**
4 Rest of World **2%**

Demonstrating our commitment to quality, all our European enrichment facilities currently have certification to ISO 9001 and our US facility is committed to obtaining this by end of 2014.

ISO 9001

Front cover image shows inside a URENCO centrifuge hall.

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Our long term business

We are committed to leading the way in uranium enrichment services

From the Treaty of Almelo to our contracts with customers, from our investments in future capacity to our commitment on uranium stewardship – in every respect, we are a long term business. Drawing on our success of over 40 years and looking to the future, we are committed to being a leading supplier of uranium enrichment services. We are at the heart of low carbon nuclear energy.

A cylinder being moved at our Dutch enrichment facility.

Introduction

We have continued to serve our customers in line with our long-term commitment to lead in the world of uranium enrichment services.

We are at the heart of the nuclear energy industry. We are responsive to our customers' changing requirements, providing them with the enrichment services they need to generate low carbon nuclear energy.

Uniquely within our sector, we operate four uranium enrichment facilities, in the United Kingdom, the Netherlands, Germany and the USA. We use world-leading centrifuge technology. We work as one global business, making the most of our global presence to maintain our leadership position.

Our customers trust URENCO for a safe, secure supply of enriched uranium. We remain committed to delivering this high quality service long into the future.

Chairman's statement

We are proud of the leading role we play in meeting the world's growing need for reliable low carbon energy. Nuclear remains key to the world's energy mix and we are committed to continue delivering the enrichment services our customers rely on.

Despite good financial results, 2013 was a challenging year for URENCO. First and foremost, the Board was saddened to learn of the two tragic fatalities that occurred at our ETC joint venture in the Netherlands and we express our sincere condolences to the families and friends of those employees.

The position in some of our traditional markets remains challenging and we expect continuing pricing pressures because of the uncertainty surrounding restart dates of nuclear power reactors in Japan. The planned phase out of nuclear generation in Germany and the added commercial pressure from shale gas in the USA contribute to the challenging market in which we currently operate.

At the same time, however, there continue to be significant opportunities in both existing and new markets with commitment to investment in nuclear energy in the Middle East and Asia. Progress has also been made in the UK with the announcement of construction work starting at Hinkley Point in 2014.

URENCO successfully secured contracts in existing and new markets during 2013 and is now the only commercial domestic enricher in the USA.

Long-term commitment to our customers

For over 40 years we have been providing our customers around the world with safe, reliable supplies of the enriched uranium they need to fuel civil nuclear reactors. URENCO is in an inherently long-term business, where significant investments and commitments are made over many decades. For us, this means long-term leadership in uranium enrichment services and total commitment to our customers.

URENCO is an inherently long-term business, where significant investments and commitments are made over many decades. For us, this means long-term leadership in uranium enrichment services and total commitment to our customers.

The bedrock of our leadership position is underpinned by the Treaty of Almelo of 1970. The Treaty sets out the principles for the effective supervision of URENCO's technology with respect to non-proliferation. In many ways, the Treaty of Almelo has been a blueprint for responsible global co-operation. As the Group has grown, it has extended its international co-operation through treaties with the USA and France. These treaties provide a framework for the consistent operation of the business regardless of any potential change in ownership and will continue to do so in future. Through compliance with these treaties and appreciation of our values, we will continue to focus on delivery, quality, reliability and the highest standards of corporate responsibility.

During 2013, our shareholders announced that they were considering divesting their shares in URENCO. Any change in ownership would have to be consistent with the provisions of the treaties.

Investing for the future

URENCO continues to invest in the long-term development of our business to ensure we meet our commitment to customers. We want the industry to be sure that tomorrow's reactors will have reliable, high quality supplies of enriched uranium. This lies at the heart of our strategic plan and our investment programme.

Following commencement of operations at URENCO USA (UUSA), we have successfully brought additional capacity online, enabling URENCO to continue to serve its customers in the USA market and beyond.

Our other major investment is the construction of our Tails Management Facility in the UK which is also progressing well. This facility is of great strategic importance as it will enable the Group to improve cost control and facilitate the management and storage of depleted uranium (tails), the by-product of the enrichment process.

Working together

I would like to thank all my Board colleagues for their work during the past year. On behalf of the Board, I would also like to thank all our employees for their dedication and contribution. One of our great strengths is the commitment of our employees and our collective ability to deliver and improve our service to our customers. This year was no exception, and I look forward to many years of future success.

John Hood
Chairman

1
Our business model

We provide uranium enrichment services for the civil nuclear industry and deliver an unrivalled reliable, flexible, high quality service to our customers.

Our culture

Our purpose

We play a key part in meeting the world's need for reliable, low carbon energy.

Our vision

We believe the world needs nuclear energy to meet the demands of sustainable global energy. We can help the transition to a low carbon economy through the deployment of our enrichment services and technology.

Our mission

Our mission is to be the supplier of choice within our sector and a key contributor to sustainable energy.

The Treaty of Almelo

The Treaty of Almelo enshrines the enduring purpose and principles of URENCO regardless of ownership.

Our customers

Our customers operate nuclear power plants for the production of low carbon electricity.

Our five values

Our five values guide everything we do at URENCO – from our strategic and operational decision making to our day-to-day activities.

Safety

We operate to the highest standards of safety, environmental and security requirements.

Integrity

We conduct all our relationships with honesty, fairness and respect.

Flexibility

We respond to best meet our customers' needs by flexibly deploying our skills and capabilities.

Development

We are committed to the sustainable development of our business by continuously developing our employees, services and products.

Profitability

We are committed to making profits to secure our future and reward our shareholders and employees.

Strategic overview

We provide uranium enrichment services for the civil nuclear industry and deliver a reliable, flexible, high quality service to our customers whilst returning value to our shareholders.

Our strategy is underpinned by the diversity of our order book, our flexible business model and geographic spread.

The long-term nature of the nuclear enrichment industry is characterised by a slower pace of change than is seen in other industries. Nevertheless, the political and regulatory response to the accident at Fukushima has, at the moment, led to a reduction in demand throughout the nuclear supply chain. The timetable for the restart of the nuclear power stations in Japan is uncertain.

Nuclear energy is and will continue to play an important role in meeting the world's growing energy needs. Although growth is currently slower than initially anticipated by the industry, new nuclear build is taking place around the world and it is clear that nuclear energy will remain a vital part of the global energy mix.

Our five values of safety, integrity, flexibility, development and profitability guide the way in which we conduct our business across the URENCO Group. They assist us in delivering on our mission to be the supplier of choice within the sector of enrichment services and a key contributor to sustainable energy.

Our strategic pillars

URENCO's strategy to deliver on our mission is focused on providing excellent customer service. The implementation of our strategy is based on five strategic pillars:

1 Responsiveness

2 International presence and collaboration

3 Highly motivated and committed people

4 Responsible long-term business

5 World-leading centrifuge technology

Long-term relationships
We maintain close, long-term relationships with all our customers and we are committed to delivering for them. Our technology enables us to respond flexibly to our customer needs and market dynamics. In this respect we carry out long-term planning and preparations while making sure we always meet our commitments.

Once again, during 2013 we met 100% of our customer delivery commitments.

Market development
The market for enrichment services continues to evolve, primarily due to the ongoing uncertainty in Japan and the planned phase out of nuclear power generation in Germany. This has led to a reduction in demand resulting in increased worldwide inventories and pressures on SWU price. We have responded to the weaker SWU price by conserving a greater proportion of natural uranium (feed) in addition to existing enrichment services. At the same time we are actively engaged in building relationships in potential new markets such as the Middle East and Asia.

Geographic spread
We maximise the advantage of our global presence to provide security of supply for our customers. URENCO always strives to share best practice and to refine our processes. Our operations in Europe and the USA give us a unique advantage that allows us to serve more than 50 customers in 19 countries worldwide. Our USA facility enables us to meet the requirements of our customers in North America and in the important growth markets in Asia. We also continue to nurture our long-term relationships in Brazil and South Africa.

Order book which extends beyond 2025 in excess of €17 billion.

Talent and retention
We invest a great deal in developing our peoples' skills and potential through our Performance Management System and Management Development Programmes which enables us to provide targeted development and succession planning. Our aim is to make URENCO an employer of choice. We are committed to creating one URENCO: four enrichment facilities around the world with our dedicated highly skilled work force working as one to lead the way in uranium enrichment services.

In 2013, URENCO's Dutch enrichment facility was voted Best Dutch Employer.[1]

Sustainability
We are committed to continuous improvement in the area of sustainability. For URENCO sustainability means health, safety, environment, asset integrity, security, ethical conduct and social performance. The Board established a Sustainability Committee to monitor progress in these key areas.

Safety
Safety is at the heart of everything we do. Our aim is to create a culture of zero harm. During 2013 we continued our focus in identifying and analysing 'near misses' and established a health and safety working group comprising safety specialists from each of our enrichment facilities.

At our German enrichment facility we have achieved more than 1,100 days without a Lost Time Incident.

Over 40 years operational experience
Gas centrifuge is the industry's preferred technology. URENCO has successfully and reliably operated this technology for more than 40 years. Our experience enables us to provide a flexible and responsive service to our worldwide customers.

We have expanded our enrichment services portfolio to include increased amounts of natural uranium (feed).

Uranium stewardship
We are firmly committed to leading the way in responsible uranium stewardship. Accordingly, we are investing in a Tails Management Facility which is of strategic importance for the provision of deconversion services to our European enrichment facilities.

[1] URENCO Netherlands was voted Best Employer 2013, in the category 'Organisations with fewer than 1000 employees' in an annual survey by research companies Effectory and Intermediair.

Our global reach

We are a leading supplier of enriched uranium to the world's nuclear energy industry. Drawing on our uniquely diverse geographic spread and working to our shared values, we ensure our customers around the world receive safe, reliable, high quality supplies.

We provide enriched uranium around the world
We use world-leading centrifuge technology to provide uranium enrichment and associated services to our customers.

We have four uranium enrichment facilities. The facilities are located at: Gronau in Germany; Almelo in the Netherlands; Capenhurst in the United Kingdom; and Eunice, New Mexico in the USA. Our Head Office is located close to London. All our facilities use centrifuge technology, the industry's preferred uranium enrichment technology. Our geographic spread is our distinct advantage, enabling us to provide customers with secure diversity of supply.

We have a strong forward order book which allows us to plan production volumes many years in advance.

Enrichment facilities
4

Employees
1,500

Customers
50 **(more than)**

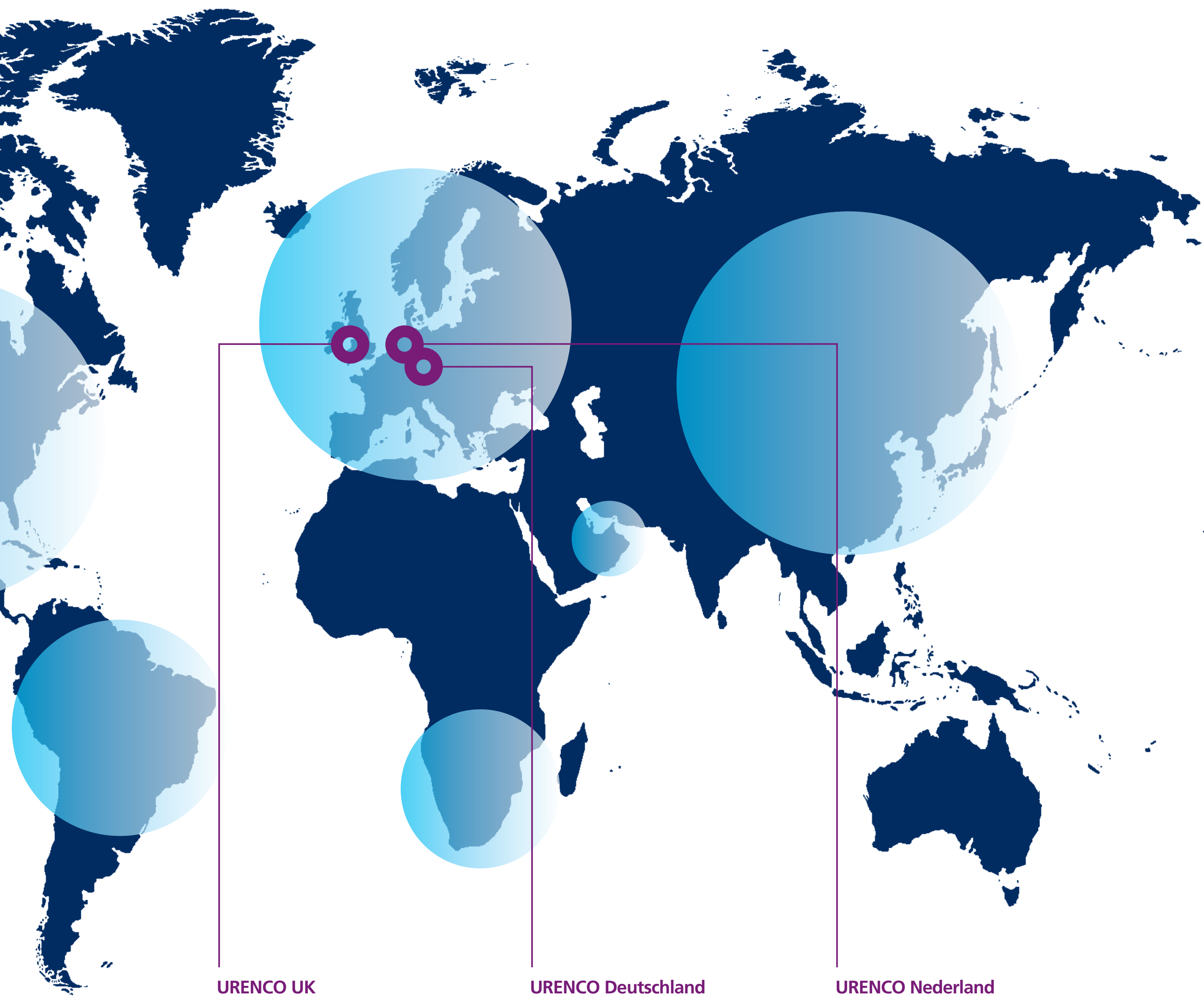
Customer countries
19

Current production capacity (tSW/a)
17,600 **(18,000 by 2015)**

URENCO USA
Eunice, New Mexico – our American enrichment facility continues to bring capacity online. It currently stands at 3,200 tSW/a.

Our operations and customers

URENCO operations
Customers



URENCO UK
Capenhurst, United Kingdom – URENCO UK provides a production capacity of 4,900 tSW/a.

URENCO Deutschland
Gronau, Germany – our German enrichment facility provides a production capacity of 4,100 tSW/a.

URENCO Nederland
Almelo, The Netherlands – our Dutch enrichment facility produces an annual capacity of 5,400 tSW/a.

All site capacity data as at 31 December 2013.

Our role in the nuclear fuel supply chain

We use our world-leading centrifuge technology to provide uranium enrichment and associated services to our customers generating nuclear energy.

1 Mining uranium ore
Uranium ore is extracted, purified and milled to become uranium oxide, also known as yellow cake.

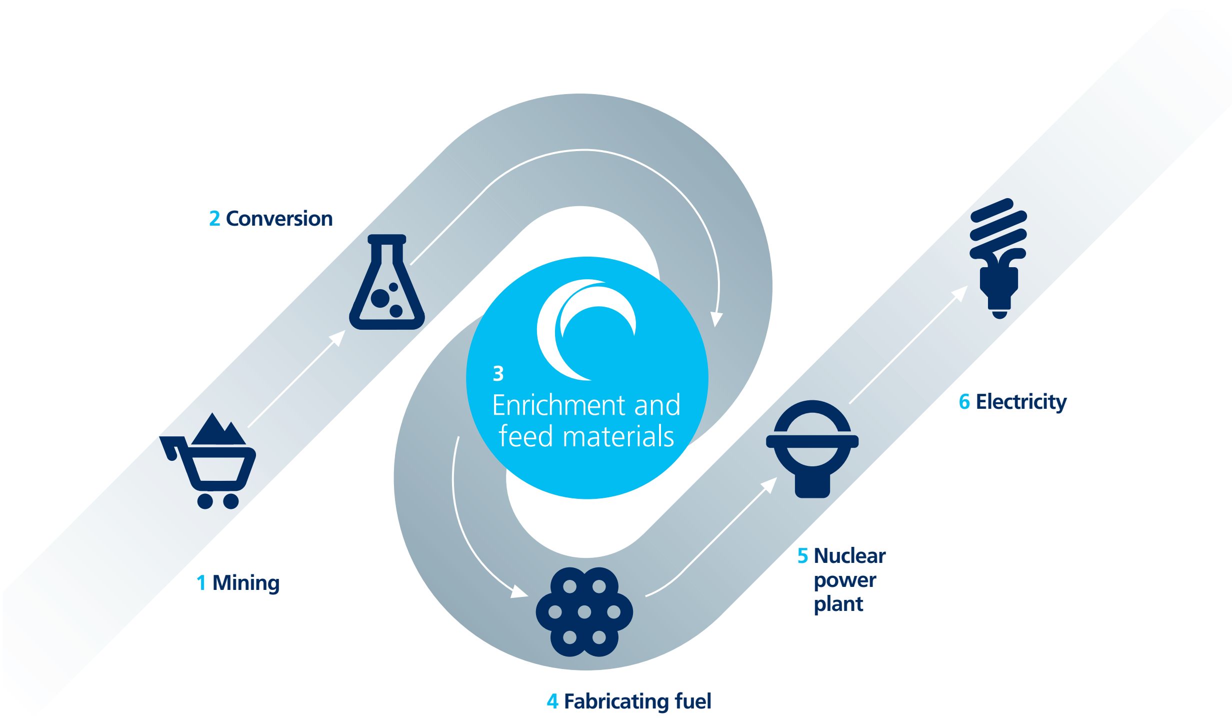
2 Converting uranium ore
Ore concentrate is chemically converted into uranium hexafluoride (UF6) and transported to one of our enrichment facilities.

3 Enrichment services
We heat UF6 to turn it into a gas and feed it into our gas centrifuges. The centrifuge separates the two isotopes contained in uranium, U235 and U238. The lighter U235 is generally enriched to up to 5%, which is sufficient to sustain a continuous fission reaction in a nuclear power plant. The flexibility of our centrifuges allows us to conserve feed material and therefore provide Enriched Uranium Product (EUP) and natural uranium in addition to providing toll enrichment services.

4 Fabricating fuel
The enriched uranium is transported to fuel fabricators, where it is converted into pellets then loaded into fuel rods.

5 Fuelling the nuclear plant
The fuel rods are transported to nuclear power stations, where they power the nuclear reactors. Fuel rods are placed into reactors and used to generate heat which in turn drives turbines which power generators.

6 Generating electricity
The nuclear power plants provide a secure source of low carbon energy – generating electricity for homes, schools, hospitals, offices and industries around the world.



Our uranium enrichment process

Our process starts with the delivery to our facilities of our customers' uranium hexafluoride (UF6). This is the most suitable form of uranium for enrichment because it is easily turned into a gas when heated.

Heating UF6 to turn it into a gas
UF6 is delivered to our facilities in internationally standardised transport containers by approved suppliers.

UF6 is solid at ambient temperature. At our enrichment facility we connect the transport container holding UF6 to the plant feed system. It is then heated in order to vaporise the UF6 and turn it into gas at sub-atmospheric pressure.

Spinning UF6 at high speed to enrich it
The UF6 gas is fed into a centrifuge casing containing a cylindrical rotor which spins at high speed, separating uranium's two isotopes. The heavier isotope U238 is forced closer to the wall of the rotor than the lighter U235. As a result, the UF6 gas closer to the wall is depleted of U235 and the UF6 gas nearer the rotor axis is slightly enriched in U235. We repeat the process over and over again until we achieve the desired levels of U235 enrichment to meet our customers' specifications.

Compressing and cooling the enriched uranium
We feed the enriched uranium (UF6 containing up to 5% of the U235 isotope) from the centrifuge cascades into a compressor and then into a cooling box containing a cylinder. As it cools, the UF6 vapour solidifies in cylinders. We homogenise the cylinders and check the quality of a sample before delivery to customers.

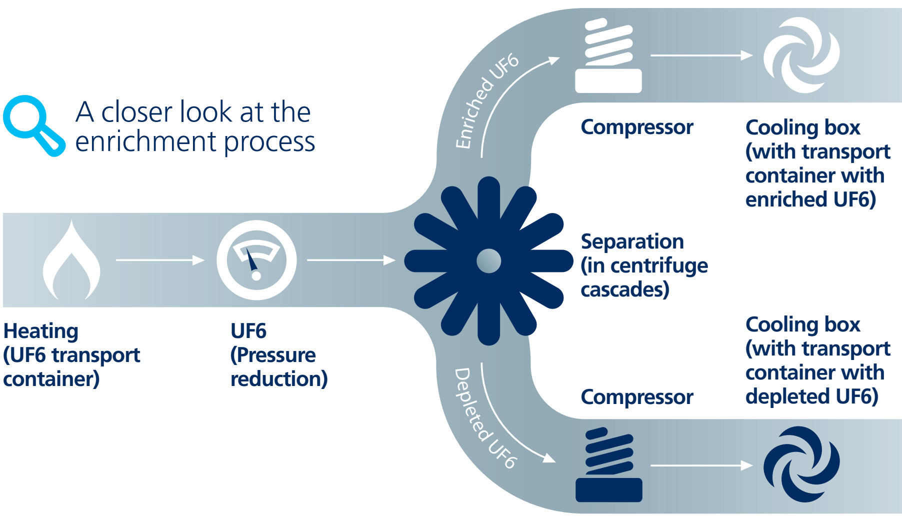
We weigh and analyse all cylinders to comply with the accounting and tracking requirements of the European Atomic Energy Community (EURATOM), United States Nuclear Regulatory Commission (USNRC) and the International Atomic Energy Agency (IAEA).

Storing and converting depleted uranium
The UF6 gas closer to the wall in the centrifuge is partially depleted in U235. This by-product is known as tails. We collect and cool tails in a cooling box containing a cylinder, weighing to ensure all material can be accounted for. Tails still contain a low concentration of U235 concentration and can be re-enriched only if economically viable.

We store tails at our enrichment facilities in internationally approved containers pending deconversion to a chemically stable form – uranium oxide (U3O8) – for long-term storage.

As well as storing tails at our facilities, we currently contract a third party to chemically transform depleted UF6 into U3O8. We are constructing our own Tails Management Facility to convert UF6 to U3O8. The conversion process creates hydrofluoric acid, a valuable chemical used globally by industry.

A closer look at the enrichment process



What makes URENCO:

Our five key strengths underpin our 100% record of meeting customer commitments

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2 Our dedication to customers p14

3 Our commitment to meeting energy needs responsibly p18

4 Our focus on innovation and improving efficiencies p28

5 Our continuous investment p34

Our dedication to customers

We deliver the highest level of customer service time after time and in every way we can

We are committed to ensuring we meet 100% of our customer delivery requirements year after year. For over 40 years we have met customer delivery requirements and 2013 was no exception. We look beyond immediate requirements and go further to forge ever stronger long-term relationships with our customers for mutual support and success.

At UUSA, a vehicle is prepared for transportation.

Chief Executive Officer's review

Guided by our values and our mission to be the supplier of choice and a key contributor to low carbon energy, this year we focused on continuing to excel and deliver for our customers.

Financial overview

As expected, the provision of enrichment services (Separative Work Units (SWU)) to customers was down in 2013 compared to the record levels of 2012. Reduced demand led to a slowdown of the market and increased worldwide inventories. This resulted in lower revenue and EBITDA in 2013. However, our share of the world market remained stable, underlining our position as a global market leader.

Our flexibility enabled us to increase our uranium feed sales in addition to providing enrichment services.

Ongoing financial strength

Our order book remains strong, extending beyond 2025. The order book at 31 December 2013 was in excess of €17 billion (2012 circa €18 billion), reflecting the long-term nature of customer delivery patterns. This provides a firm basis for the future. The reduction in order book value due to deliveries made to customers has been partially offset by new agreed business, and a revaluation of US dollar elements in contracts in line with the recent euro/dollar exchange rate movements.

Market development

We predict continuing pricing pressures due to the uncertainty surrounding the timing of reactor re-starts in Japan, which has led to a slowdown of the market and increased worldwide inventories. However, we remain confident that the global nuclear industry will continue to grow in the coming years. Against the backdrop of challenging market conditions, URENCO continues to invest to ensure we remain a reliable partner and meet the future needs of our customers.

Market outlook

Nuclear power generation is predicted to double between 2010 and 2040. Over the same period, world energy consumption is expected to increase by 56% and nuclear energy will continue to play a vital role in meeting the world's growing energy needs (Source: US Energy Information Administration).

During 2013, we signed new contracts both with existing and new customers. We believe our continued commitment to delivering for our customers and meeting the highest quality standards places us in a strong position. The nuclear industry is a long term business and as such, we are taking a long term view. It is vital for our customers to know that they have a reliable partner in URENCO which can provide the fuel required throughout the operational lifetime of their reactors.

Excelling for our customers

To maintain our market share and position as a leading worldwide supplier of uranium enrichment services, we focus on consistently delivering excellent customer service.

Once again, this year, we met 100% of our customer delivery commitments. Our speed of response and flexibility are key elements in our customer offering and they are proving to be particularly valuable in today's market. We have responded to our customers' needs – for example by storing feed safely and securely on behalf of our customers and by utilising our technology to generate a greater amount of uranium feed material.

Delivering key capital projects

To ensure we meet our future customer requirements, we have continued to invest in key projects – resulting in an increase in our global capacity to 17,600 tSW/a at the end of 2013. Investment in new enrichment capacity focuses on finishing our USA expansion.

In addition, the investment in our Tails Management Facility (TMF) is on schedule and demonstrates our commitment to responsible uranium stewardship.

We are on track to achieve our capacity target of 18,000 tSW/a by 2015 and are also on schedule to commence TMF operations in late 2015.

Maintaining our position as a global player

Our presence in the USA and Europe is a unique advantage that allows us to maintain our leadership in enrichment services. Our USA facility enables us to meet more efficiently the requirements of our customers in North America, an important market for nuclear energy. Operating in the USA also provides environmental benefits by reducing the number of transatlantic shipments and provides valuable diversity of supply for our customers around the world.

As the global market for nuclear energy evolves, we will work closely with our shareholders, current and potential customers and other key stakeholders to ensure that we are well positioned to make the most of future opportunities.

Safety is one of URENCO's highest priorities and we are constantly striving to exceed our already high standards.

Leading the way in responsible uranium stewardship

We are firmly committed to leading the way in responsible uranium stewardship. Through our subsidiary URENCO ChemPlants Limited (UCP) we continue to progress well with the construction of the TMF at our UK site. I am pleased to report that this is on time and budget and planned to begin operations in late 2015. The TMF will enable us to deconvert our by-product, tails, from UF6 to U3O8 within the Group and, in turn, recycle approximately 5,000 tonnes per year of hydrogen fluoride (HF) for industrial use. As a result we will be able to manage storage of tails in-house and reduce the quantity of tails we hold on our sites.

All major buildings which will contain the TMF operations are under construction. The strong safety culture within the TMF construction site has been demonstrated with the achievement of more than one million man hours without a Lost Time Incident. Mechanical installation has now commenced in some of the facilities and the operating team has been fully recruited.

Our subsidiary, Capenhurst Nuclear Services Limited (CNS), formed in 2012, is located at our UK site. It has taken responsibility for handling uranic materials on behalf of the Nuclear Decommissioning Authority (NDA). CNS is committed to being the centre of excellence for uranium stewardship across URENCO and the wider industry – leading the way in the responsible recycling, storage and management of uranic materials. The creation of this centre of excellence not only makes sense from the point of view of operational efficiencies and responsible stewardship, it is also good risk management – enabling us to stay in direct control of an important part of our business.

At our German site we have built a storage facility for deconverted tails which will be used to hold our by-product. At our Dutch site, we have a recycling facility for decommissioned centrifuges. After being dismantled, the centrifuge components are recycled for use within the nuclear industry.

Meeting the needs of medical, industrial and research customers

Our Stable Isotopes business in the Netherlands draws on our expertise and capabilities in centrifuge technology to produce a variety of products for medical, industrial and research applications. This complements our core focus on enriching uranium for nuclear energy – generating revenue for the Group as well as broadening our understanding of the potential of our centrifuge technology.

We continue to develop the diversity of our product portfolio across our medical, industrial and research markets. Our product range includes several dozen isotopes of more than ten elements and we are carrying out research into a number of other isotopes.

Continuing to give safety the highest priority

Safety is one of URENCO's highest priorities and we are constantly striving to exceed our already high standards. Although we had one Lost Time Incident this year, a reduction from the two reported incidents in 2012, I am saddened to report that in our 50/50 joint venture with Areva, Enrichment Technology Company (ETC), two employees were tragically involved in a fatal accident at the Dutch site in 2013. Notwithstanding the fact that ETC immediately conducted its own in-depth safety review, as a precautionary measure, we also conducted a full review of all our critical life safety procedures to ensure each was fit for purpose and adhered to rigorously.

Lost Time Incidents are only one measure of how we are delivering on our safety commitments. We have also focused on improving our behavioural safety by identifying and sharing best practice across the Group. A Group-wide campaign to raise awareness of near misses typifies our approach. Rather than simply responding to incidents, we are increasingly devoting our attention and efforts to prevention, notably by encouraging employees to speak up and share near misses across all business areas so that we can learn from them.

By reinforcing our culture of continuous improvement across every aspect of safety, we are developing a culture of zero harm. This has created an understanding that it is every employee's responsibility to follow a strong safety ethic. Improved safety is not the only benefit that flows from this approach – it improves quality, reduces environmental impact and ultimately delivers better business performance.

Focusing on improving efficiency

Throughout the year, we have focused on improving efficiency across the Group. This has involved controlling costs through responsible financial management reinforced by robust procedures and processes. It has also included many different actions and initiatives to improve the way we work and the way our facilities are run. All employees have been encouraged to review existing day-to-day processes and look at ways to work more efficiently and effectively.

Moving forward

By focusing on URENCO's five key strategic areas, we will maintain a leading position in uranium enrichment services. The nuclear industry is fundamental to a low carbon future and we are determined to contribute to its success.

To this end, we will:

- Support and promote the nuclear industry as an essential source of secure, low carbon energy.
- Finish construction of Phase Three at our URENCO USA facility.
- Continue to adapt our business in response to current and future customer requirements.
- Reduce the capital costs of our new enrichment facilities, through drawing on previous experience and sharing best practice.
- Manage our operational cost base across the Group, driving efficiency and innovation.
- Complete the construction of the TMF to begin operations in late 2015.
- Further enhance our employee development programmes and opportunities.

I would like to extend my thanks to all employees for their excellent contributions throughout the year and I encourage them all to continue to meet commitments to our customers in the years ahead, as they have done in the past year.

I look forward to further strengthening URENCO's role and reputation as a global leader in our industry, as we continue to deliver for our customers and contribute to a sustainable low carbon future for the world.

Helmut Engelbrecht
Chief Executive Officer

The Tails Management Facility at our UK site is currenty under construction and will be ready to begin operations in late 2015.

What makes URENCO

Our commitment to meeting energy needs responsibly

We deliver responsibly the enrichment services our customers require

From the low carbon nuclear energy that we help produce to the paramount importance we place on responsible uranium stewardship, sustainability is embedded in our business.

Our markets

We are a global business serving a range of utility customers. We are committed to meeting their long-term needs so they know they have a reliable source of enriched uranium for the operational lifetime of their reactors.

The nuclear industry is inherently long-term and involves large up-front investment decisions. The current uncertainty in Japan and the imminent closure of German nuclear generation has led to a slowdown of the market which resulted in increased worldwide inventories and pricing pressure. Demand in the nuclear energy sector is expected to grow in the coming years.

Nuclear: an important part of the world's energy mix

Nuclear energy remains an essential element of the world's future energy mix. It provides a safe, secure, low-carbon source of energy. Currently, nuclear energy meets 11% of the world's electricity demand, with more than 13 countries relying on nuclear energy for at least 25% of their electricity (source: WNA).

Reliable

Nuclear is recognised as a very stable source of low carbon energy. Nuclear power stations are designed to operate continuously for long periods of time before they need refuelling – providing the most reliable source of base-load electricity.

Competitive

Compared to other forms of energy, nuclear continues to be considered competitively priced. With uranium in abundance, nuclear energy remains a key part of the world energy mix.

Low carbon

Governments worldwide have committed to reduce their emissions of greenhouse gases. They also recognise the importance of reducing dependency on energy imports from other nations. In this respect, nuclear is considered an essential choice for low carbon energy.

Our customers

We are a market leader in enrichment services – supplying more than 50 customers in 19 countries.

We consider safety, integrity and 100% delivery against our commitments to be our priorities. The contracts we sign with our customers are typically between 7 – 10 years, underlining the strength and importance of our long-term relationships and the need for security of supply. We have built a reputation for quality, flexibility and reliability, and continuously strive to improve our processes to maintain this.

We plan ahead to meet our customers' requirement for secure diversity of supply and to consistently deliver on time and to schedule. Our geographical spread enables us to constantly refine the way we schedule production across the Group to meet customer needs and enhance inventory management.

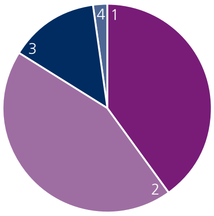
Our customers

We are a market leader in enrichment services - supplying more than 50 customers in 19 countries.

Capacity
(tSW/a)

17,600 tSW/a

Customer base
(%)



1 USA **40%**
2 Europe **44%**
3 Asia **14%**
4 Rest of World **2%**

Our markets around the world

Europe

The European nuclear market is evolving. Germany and Belgium, for example, are due to phase out nuclear by 2022 and 2025 respectively.

New reactors are being built or planned in Finland and in the UK. Across Eastern Europe there is growing interest in nuclear energy and in 2013, we were successful in securing our first new contract in this region.

North America

URENCO operates the only civil enrichment facility in the United States and as the world's largest nuclear power producer, it continues to be a key market for URENCO. Our enrichment plant in New Mexico plays a key part in supplying nuclear fuel in the USA. North America is a stable market with some reactor closures balanced by new build. In addition, we serve international customers who prefer to buy through the USA.

Middle East and Asia

There is strong potential for growth across the Middle East and Asia. The United Arab Emirates (UAE) is progressing well with its new build programme enabling us to sign new business during 2013. Other countries in the Middle East and Asia have also announced plans for nuclear energy. China, India and South Korea all have major new builds planned. In Japan, the temporary shutdown of nuclear power plants continues.

South America and South Africa

We continue to nurture our long-term relationships with customers in these geographies, particularly Brazil and South Africa. These are growth markets. Brazil plans to add four additional units for operation in the 2020s. South Africa continues to follow its Integrated Resource Plan, which aims to install 9.6GW of nuclear energy capacity within the next 30 years.

Global

In 2013, 39 countries were considering or planning construction of new nuclear power plants (source: IAEA).

Such plans demonstrate the continued interest in nuclear energy. We are well placed to meet the resulting demand.

URENCO SWU deliveries by region

USA	40%
Europe	44%
Asia	14%
Rest of World	2%

Capacity tSW/a

	2013	2012
URENCO Nederland	5,400	5,500
URENCO UK	4,900	5,000
URENCO Deutschland	4,100	4,200
URENCO USA	3,200	2,200
Total	17,600	16,900

Increase in capacity = 700 tSW/a (4%)

Principal risks and uncertainties

To help ensure success, we identify, manage and mitigate the potential risks facing our organisation which could have an adverse impact on our business.

Our approach
Robust risk management is at the core of our commitment to leading the way in the nuclear industry. We aim to implement best practice as part of a Governance, Risk and Control framework, an integral aspect being to ensure compliance with the rigorous legal requirements.

We have a specialist risk management function which provides guidance, tools and support to the Group. The function ensures our Executive Management is fully aware of URENCO's risk profile. All our sites hold risk registers and are monitored regularly through scheduled site and Group forums.

We focus on managing and overcoming all identified risks at source. The Group's top risks, their controls and planned actions are reviewed by the Risk Management Committee and reported to the Audit Committee and the Board.

Our Risk Management framework is based on three lines of defence:

First line of defence

Compliance
Risk owners across the Group ensure risks are identified and mitigated by implementing appropriate controls aligned to the Group's Risk Management policy and procedure.

Second line of defence

Risk management
The Risk Management Committee and other management bodies oversee the effectiveness of the risk control framework, all of which is coordinated and reviewed by the risk management specialists to ensure consistency.

Third line of defence

Governance
Internal Audit provides independent assurance on the first and second lines of defence.

Although it is not possible to eliminate risks, we regularly review our risk management system and a number of our principal risks, together with details of how we mitigate them:

1 Safety

Description
Across the URENCO Group we operate to the highest standards of safety. Risks arise from the processing of uranic material and the inherent dangers of operating heavy machinery. We focus on continuous improvement and the detection and remediation of potential hazards before incidents have a chance to occur. We meet or exceed the requirements of government and industry regulators and follow regulatory protocols for the safe handling of uranium and other chemicals. By adhering to best practice in this area we ensure minimal impact to employees, the public and the environment.

Mitigation
Our sites are designed to minimise the risk associated with the processing of uranic material and operation of heavy machinery. Regular monitoring ensures compliance with safety standards.

2 Safeguards

Description
The potential that uranic material may be proliferated or misappropriated is a risk for our enrichment facilities.

Mitigation
We work closely with governments and organisations to create and comply with safeguard regimes. We also continually maintain our uranium tracking methods on site. A common set of safeguards are applied to all companies handling uranium to ensure non-proliferation and misappropriation of sensitive material.

3 Security

Description
We process many thousands of tonnes of uranium each year and operate sensitive gas centrifuge enrichment technology. We must therefore ensure the security of uranic material and our own technology and assets. As a global leader in enrichment services, we prioritise all areas of security, including the ever increasing cyber threat, ensuring protection of our operations, investment, materials and technology.

Mitigation
We comply fully with all national and international security requirements. We screen all personnel and ensure controlled access to sites.

We continuously identify, analyse, evaluate and respond to risks.

4 Transport

Description
We work with third party suppliers who transport natural uranium and enriched UF6 on behalf of our customers. The risks are non-compliance with IAEA regulations and accidents resulting from unsafe behaviour when handling materials. We ensure the safe behaviour of our transportation partners when handling uranium is maintained by the standards we set at URENCO. Such standards reduce the risk of an accident or the misappropriation of sensitive materials.

Mitigation
We only place contracts with approved companies and ensure we perform regular contract and performance monitoring audits.

5 Policy

Description
The nuclear industry remains a topic for debate with public and governmental opinion differing on its role in the future energy mix. In any jurisdiction, a change in policy can come with a change of government, while unanticipated events can also change the direction of policy.

Mitigation
We continually monitor nuclear policy around the world and actively engage with policy makers.

6 Regulation

Description
Our operations and development are controlled by our ability to meet the stringent regulatory requirements of each country we operate in and supply. We are answerable to multiple national governments and subject to penalties if required standards are not met.

Mitigation
We maintain compliance activities and strong relationships with regulators. Our focus on innovation and performance enables us to guide and share best practice across the industry.

7 Market

Description
Our ability to remain flexible and respond to changing market conditions and cyclical demand contributes to our success. Some countries are considering adopting nuclear energy for the first time, others are keen to expand the role nuclear energy has in their future energy provision, and some may be choosing to reassess their dependence on nuclear energy.

Mitigation
We cultivate close working relationships with our customers. Our global diversification and flexible plants ensure we are confident of a robust order book.

8 Pricing of uranium enrichment services

Description
Gas centrifuge technology has now replaced gas diffusion technology. Over the long term, it is essential that enrichment service prices support continued investment in gas centrifuge capacity which typically has a shorter lifetime than nuclear power plants. Short term market views could drive prices below the level needed for investment in enrichment capacity.

Mitigation
Our long term contracts with customers incorporate agreed forward pricing, mitigating short term price risk. Flexibility at our plants and long reactor lifetimes support our investment plans.

9 Currency exchange rates

Description
The Group's income is principally received in euros and US dollars. The Group's cost base is principally euros, sterling and US dollars. The Group's presentation currency is euros. As a result the Group's cash flows and reported earnings are exposed to the risk of exchange rate variations between euros, sterling and US dollars.

Mitigation
The Group mitigates its exchange rate exposure by hedging a portion of its forecast US dollar revenues and of its forecast sterling capital expenditure. This reduces the volatility of the Group's cash flows and reported earnings. The Group also mitigates currency exposure by holding a portion of its borrowings (after swaps) in US dollars.

10 Interest rates

Description
Borrowing at floating rates of interest leaves the Group exposed to market movements.

Mitigation
To manage its interest costs, the Group adjusts the proportion of its fixed rate to floating rate borrowings by the use of interest rate swaps.

11 Liquidity

Description
The scale of the Group's operations and the cash demands of projects mean that planning to ensure sufficient liquidity to support requirements is an important part of Group treasury operations.

Mitigation
We plan our funding operations and monitor the risk of a shortage of funds on a monthly basis, using a forward planning model that considers projected cash flows from operations, projected capital expenditure, and the maturity of existing borrowings. We manage liquidity risk by ensuring that adequate medium-term committed funding is always available to meet liquidity needs.

12 Credit

Description
We are exposed to credit risk predominantly through transactions with other participants in the nuclear supply chain. Additional counterparty exposures may be generated as a result of the Group's financing and foreign exchange management programmes.

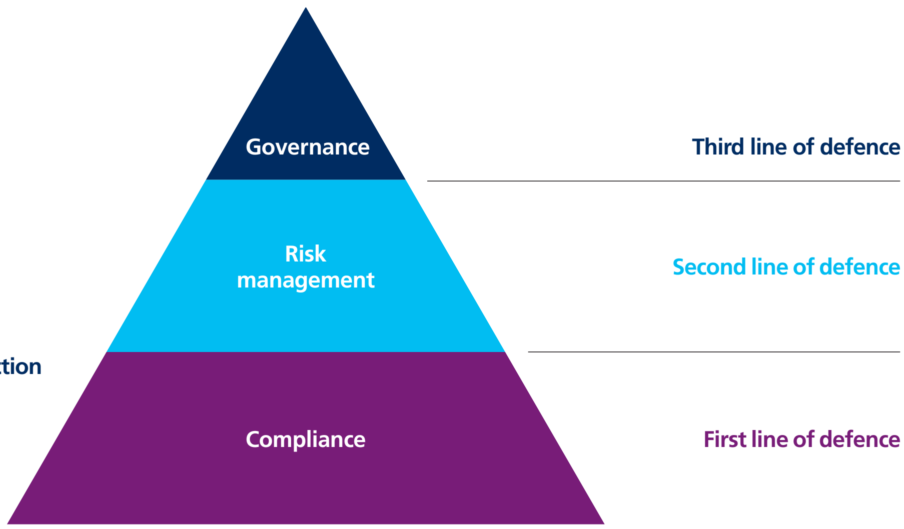
Mitigation
We actively monitor the creditworthiness of commercial counterparties and have a set of limits with different levels of authority for sign off. We also incorporate appropriate credit protection clauses in all contracts to ensure payment protection. Our exposures to financial counterparties are managed through a counterparty credit exposure policy which sets credit limits based on a counterparty's credit ratings.

13 Asset integrity

Description
Asset integrity not maintained could lead to failure of plant components or systems.

Mitigation
Site maintenance programmes and inspections are scheduled on a regular basis.

Risk management function
Our ability to identify and manage potential risks to the industry and the organisation ensure the success of URENCO.



Corporate Responsibility

Being a responsible, sustainable business is a fundamental part of our global leadership in enrichment services. Our corporate responsibility strategy guides the way we demonstrate this commitment.

Embedding responsibility throughout our business

Being a responsible business is an essential part of our culture. The industry we are in and the role it plays in providing people and organisations around the world with a reliable source of low carbon energy demands responsibility of everyone in it. Our position as a world-class supplier of enrichment services adds further weight to our commitment to responsibility. We believe that any business committed to playing a long-term positive role in the world must live up to its responsibilities.

To this end, we aim to embed responsibility across every aspect of our business and we often find that by doing this we also achieve other performance benefits such as improvements in efficiency, reductions in cost and enhancements to quality.

Good corporate citizenship and good commercial business go hand in hand. But there is always scope to go further, which is why we continually look to improve the ways we live up to our corporate responsibility commitments.

Our corporate responsibility strategy

Our corporate responsibility strategy guides the way we manage and demonstrate our commitment to good business across URENCO. We focus on five key areas of sustainability: managing health, safety and security; minimising our environmental impact; developing our position as an employer of choice; being considered the supplier of choice; and supporting education, cultural and community projects.

External assurance

Our 2013 Sustainability Report was externally assured before being reviewed by our Board. We disclose our sustainability performance guided by the Global Reporting Index (GRI). In 2011 and 2012, we self-declared a 'level B' against this index.

Managing health, safety and security

As with every fundamental aspect of our business, we look to continuously improve the ways we manage health, safety and security across the Group.

Health

We place great emphasis on the health and general well-being of our 1,500 employees who work for us at our locations in the United Kingdom, the Netherlands, Germany, and the USA. This commitment ranges from the necessary precautions and checks that are part of our business as a uranium enrichment business through to initiatives such as encouraging our employees to walk and cycle to and from work and providing support to minimise stress at work.

Safety

Safety runs through the core of our business – it is our number one priority. As with each of our five key areas of sustainability, the Group sets the overarching principles and each of our sites is responsible for managing safety at source in line with local jurisdictions. Each site runs ongoing training programmes and safety procedures to ensure compliance, embed good behaviours and encourage further improvements.

Our high safety record reflects this ongoing focus and commitment. In 2013 we had one Lost Time Incident (LTI), compared to two in 2012.

Employee and contractor LTIs 2009-2013

	Number
2013	1
2012	2
2011	3
2010	11
2009	16

Maintaining high safety standards pays dividends for the community

Construction on our Tails Management Facility at our UK site maintains an exemplary safety record through a programme of training, auditing and employee engagement. We recently passed one million hours on the construction site without a Lost Time Incident. We recognised this achievement by donating to local charities nominated by our workforce.

Lost Time Incidents are just one measure of safety. We have over recent years gone further to embed and strengthen our safety culture by looking for ways to minimise situations and practices that might pose safety risks. We continue to focus on identifying and analysing near misses, rather than focusing only on events that lead to actual incidents. This observational attitude makes safety a positive part of people's everyday business. The more near misses we identify, the safer our working environment becomes and reporting of near misses has increased year on year.

Security

We take the security of our operations extremely seriously, investing in comprehensive measures to ensure both the physical security of our sites and cyber security. This includes providing guidance and help to our employees to ensure they understand and are able to maintain their security online.

Minimising our environmental impact goes hand in hand with our long-term commitment to nuclear energy as a key part of a low carbon energy future.

We assess the environmental impact of all new activities, products and services before we introduce them; develop and review environmental objectives; minimise waste and our use of natural resources; engage our employees on environmental issues and assess the environmental credentials of potential partners and suppliers.

Our focus on minimising our environmental impact ranges from ensuring we handle uranic materials to the highest standards through to looking for ways to minimise our energy consumption.

We aim to minimise waste from production and operating activities and encourage the limited use of natural resources and recycling of materials.

Saving energy

Our commitment to energy saving is spearheaded by a Group-wide joint energy savings taskforce. Energy saving initiatives can be significant, such as making sure wherever possible we reuse heat and water across our facilities, which not only benefits the environment but also improves efficiency. There are also more straightforward improvements, such as painting roofs white to reflect sunlight and keep buildings cooler in the summer.

Being considered the supplier of choice

We have always believed that building long-term relationships with our customers is at the core of our sustainable business. For us, being considered our customers' supplier of choice is the mark of this commitment.

Our customers choose us for a number of reasons – from our reliability in meeting their delivery requirements to our desire to respond flexibly to their changing needs.

We work very closely with our customers and regularly ask for their feedback on our service, both formally and in our day-to-day dealings with them. Our most recent independent survey of our customers, by Ipsos MORI (2011) confirmed URENCO as the most favourably regarded company in the sector and we are committed to maintaining this status.

We are very proud that for over forty years we have met our customer delivery commitments.

Corporate Responsibility continued

The No 1 employer in the Netherlands

URENCO Netherlands won the Best Employer 2013 award, in the category 'Organisations with fewer than 1,000 employees'. Each year, over 200,000 employees are surveyed on such key categories as enthusiasm, commitment and satisfaction.

Developing our position as an employer of choice

Dedication

We recognise that our people are one of our core strategic strengths – their skill and expertise are valuable assets. We are proud to have an immensely capable and engaged workforce and we strive to inspire and challenge our employees, to manage their performance effectively and fairly, and recognise their achievements.

Satisfaction

We completed our third Group-wide employee survey in 2013. The response rate was 89%, an improvement over the 2011 rate of 86%. The results were very positive, with improved scores across a number of areas compared to 2011. These scores were also above the external benchmark. The general satisfaction – the sense of well-being our employees gain from their work – remained at 8, well above the external benchmark of 6.6.

Development

We invest a great deal in developing the skills and potential of our people. At our USA site, for example, we have introduced the URENCO University for every employee to gain a better understanding of the enrichment process.

Across URENCO each site has its own Management Development Programme designed to develop leadership skills and capabilities.

Performance

We manage performance systematically across the Group. Through our Performance Management System, we set annual expectations for each employee, identify areas for improvement and outline plans for future roles, together with relevant training and development activities. This provides a strong framework both for enhancing performance across the business and developing our employees' skills, experience and careers. The system also enables us to create a Group-wide pool of talent for targeted development and succession planning.

New talent

We focus on bringing new talent into our business in a number of ways, including apprenticeships. Our UK site recruited eight apprentices this year. URENCO UK and URENCO ChemPlants are currently running a joint apprenticeship scheme.

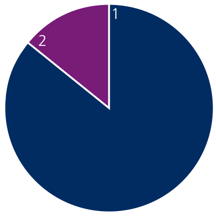
Further detail of our Human Rights policies are given in the Directors' Report.

Gender split

The number of persons who were Directors of URENCO Limited

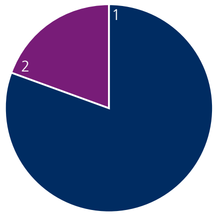
09 (male)

The number of persons of each sex who were senior managers of the Group (other than Directors)



1 Male **43**
2 Female **7**

The number of persons of each sex who were employees of the Group



1 Male **1,242**
2 Female **297**

Taking the lead in community-wide sustainability

In Almelo, we were a founder member of "Duurzaam Netwerk Almelo" (DNA), a community-wide sustainability network of local businesses from many different sectors. A URENCO employee is the chair of this group, which promotes various sustainability initiatives in and around the area.

Supporting education, cultural and community projects

We recognise the importance of building strong links beyond the immediate confines of our business, with current and future generations and with local communities. This is a fundamental part of being a leader in our industry and a core aspect of corporate responsibility.

Increasing understanding

We are keen to increase the public's understanding of the nuclear industry and the key role it plays in meeting the world's growing need for reliable low carbon energy. We proactively support our nuclear industry peers in the provision of education and information for a wide variety of stakeholder audiences. We are also keen to encourage the next generation of talent, to ensure that we and other businesses in the industry can be confident of having enough good people to sustain our success.

To encourage young people into our industry, we support science and education initiatives in the local communities in which we operate and are also closely involved with universities and international science education programmes.

Through our Richie science workshops, we encourage young people to experience and learn about science in a fun and interactive way. The success of the initiative has allowed us to share the Richie science workshops with our industry peers, enabling a greater number of pupils to understand the enrichment process and how this links into nuclear energy and the wider concepts of energy and electricity. To date, more than 37,000 pupils have participated in our science workshops.

Our extensive connections with universities across the Group include a research programme at Oxford University and lecturing programmes at Manchester and Salford Universities. We are also heavily involved in the World Nuclear Association's University initiative. Our enrichment facility in the Netherlands is a key supporter of research at the Technical University of Delft and in Germany we have a partnership with research university, RWTH Aachen. We also offer annual scholarships at New Mexico Junior College, USA, for students pursuing an Associate of Applied Science in Energy Technology.

We increase understanding of our business through visits to our enrichment facilities which enable people to experience first hand what we do and how we do it, the benefits of nuclear energy and our role of uranium enrichment. Throughout 2013, we hosted visits from local interest and community groups, government representatives, industry peers and customers.

For those who cannot visit personally, we have invested in creating an online virtual tour which is accessible via our website.

Investing in local communities and cultures

Our investment in local communities takes many forms, with the emphasis on our different businesses taking the lead in forging strong local links and making sustainable contributions to their communities.

We support local communities through donations focused on four areas: education, environment, healthy living and culture. These areas guide our decision making and ensure we reflect our core values in the donations we make.

We also actively encourage our employees to become involved in supporting and contributing to their own communities. In the USA for example, we consistently give support to the leading charity, United Way. Each year, volunteer employees also renovate the homes of local people – making positive long-lasting differences to local lives and communities. To further support these activities we run a number of Group campaigns, including the Active in the Community award for employees who are involved in charitable or community activities outside of the workplace.

Going further

Looking ahead, we plan to further embed corporate responsibility across URENCO. Broadly, this involves ensuring that as a Group we have the strongest possible principles, policies and governance established and shared and that across our different sites and businesses we continually encourage good practice and improvements.

In October 2013, our Board approved the establishment of a Sustainability Committee, underlining senior level commitment and involvement. Guided by the Committee, we will continue to build on our achievements across our five key areas of sustainability throughout our business.

Our focus on innovation and improving efficiencies

We work to the highest standards and look for ways to continually improve

We review and refine our processes and focus on cost efficiencies. At our Dutch enrichment facility, for example, we completed the construction of the second phase of our UF6 storage facility. We are now able to store all our UF6 indoors in a controlled environment. We also completed construction of our facility for storing the decommissioned centrifuges that have been processed by our on-site recycling centre. By automating much of our storage operations, we are increasing efficiency and continuing to improve our existing high levels of security.

The site control room at our German enrichment facility.

Group Finance Report

Our flexibility has enabled us to use our enrichment capacity to generate feed sales in addition to providing enrichment services.

Lower deliveries in 2013 resulted in a decrease in sales and EBITDA compared to 2012.

Results for 2013

Key financial performance indicators

Our financial KPIs are summarised below.

Revenue

Revenue in 2013 was €1,514.6 million compared to €1,601.4 million in 2012. Emphasising the long-term nature of our business, the phasing of customer delivery patterns stretching beyond a year has impacted comparative year-on-year performance. As a result of that, the provision of Separative Work Unit (SWU) services to customers was lower in 2013.

In addition sales of uranium feed to our customers were higher in 2013 compared to 2012.

Overall this led to a decrease in revenue of 5% in 2013 compared to 2012 in line with expectations.

EBITDA/income from operating activities

EBITDA at €967.9 million (2012: €1,012.6 million), was 4% lower than 2012. This mainly reflects lower sales. Costs were higher for energy impacted by newly introduced green taxes in Germany. Costs for the provision for tails created and costs for the employee benefits decreased.

EBITDA performance

	2013 €m	2012 (restated[i]) €m	**% increase/ (decrease)**
Income from operating activities	558.3	616.0	(9)%
Add back: depreciation and amortisation	396.8	338.3	
Add back: share of results of joint venture	12.8	58.3	
EBITDA	967.9	1,012.6	(4)%

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits.

Net income

Net income for the year was €336.6 million (2012: €399.8 million). This decrease was caused by a decreased EBITDA combined with a higher depreciation charge, partially offset by a lower tax charge and a reduced loss in ETC.

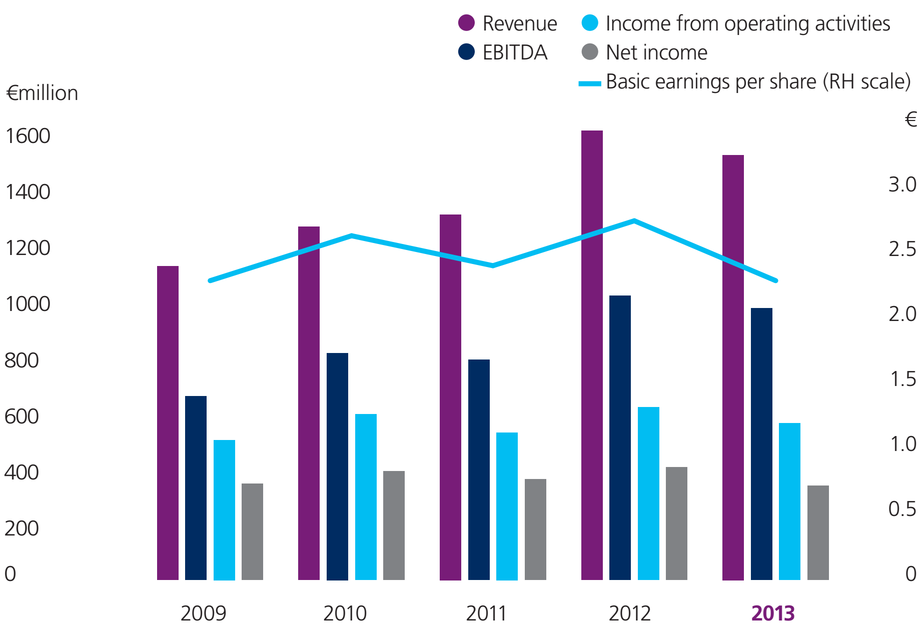
The higher depreciation was primarily driven by new capacity coming online in the USA. The reduction in tax charge predominantly arises as a result of lower profit levels and prior year tax credits. This was offset by a valuation allowance in relation to certain US tax losses and lower non-taxable income.

ETC has commenced the restructuring of its business as announced in 2012. The objective is to reduce operations and workforce to match current and future market conditions while ensuring ETC maintains the skills and expertise necessary to continue to meet customer requirements for world-class centrifuge technology in the future. It is anticipated that restructuring will be complete by the first half of 2015, at which time the total workforce will have reduced by 1,300. This led to an impairment of assets in 2012. In 2013, URENCO's share of ETC's losses was €12.8 million.

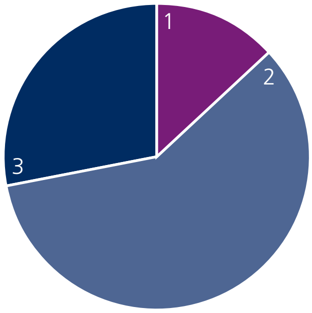
Cash flow

Operating cash flows before movements in working capital were €1,035 million (2012: €1,086 million), reflecting lower revenues. Cash generated from operating activities was €880.0 million (2012: €1,185.3 million). The main driver for the reduction was an increase in working capital mainly attributable to higher inventories and an increased receivables balance which was a result of the December sales level being higher than the prior year. Net cash flow from operating activities decreased in 2013 to €744.3 million (2012: €1,003.2 million), driven by the lower cash generated from operating activities, partially offset by lower tax paid in the period of €135.7 million (2012: €182.1 million). In 2013, €270 million in dividends was paid to shareholders (2012: €190 million).

Financial performance

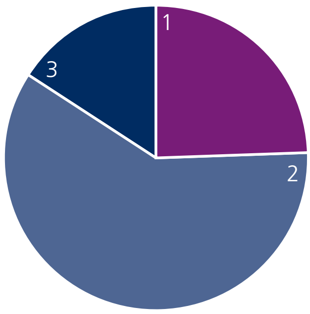


2013 Capital expenditure
(€million)



1 European Enrichment Sites **€77.9m**
2 USA Enrichment Site **€345.1m**
3 TMF **€163.8m**

2012 Capital expenditure
(€million)



1 European Enrichment Sites **€155.0m**
2 USA Enrichment Site **€373.8m**
3 TMF **€99.3m**

(i) Capital expenditure reflects investment in property, plant and equipment plus the prepayments in respect of fixed asset purchases for the year.

Capital expenditure[(i)]

We have a long-term investment programme of capacity expansion across different sites. In 2013 capital expenditure was €586.8 million (2012: €628.1 million). This decrease reflects a reduction in investment in enrichment sites, partially offset by increased investment in our Tails Management Facility (TMF).

The charts (left) show the capital expenditure in 2013 compared to 2012.

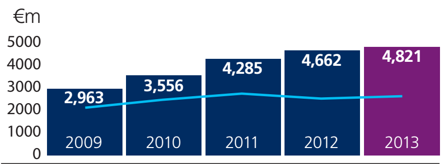
> We continue to have a strong capital structure and funding position.

Capital structure

The Group's equity increased to €1,980.7 million during the year (2012: €1,890.0 million), mainly due to increased retained earnings of €80.3 million, an increase in hedging reserves of €107.2 million, and a decrease in foreign currency translation reserves of €96.8 million.

Net Debt has increased by €105.2 million to €2,574.6 million (2012: €2,469.4 million). The Group's Net Debt to Total Asset ratio remained strong and, at 41% (2012: 42%), in line with the Group's target ratio of less than 60.0%.

Property, Plant & Equipment vs Debt
(€million)



€4,821m

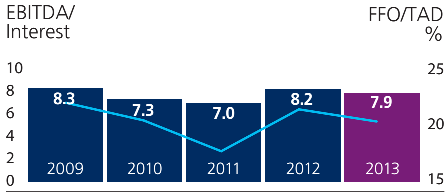
- Property, Plant & Equipment
- Property, Plant & Equipment **2013**
- Net Debt

Our capital expenditure programme has historically been funded by external debt. Now that our capacity expansion programme has started to generate cash, we have been able to fund the expansion projects increasingly with operational cash flows, leading to a flattening of the growth in debt levels.

As Funds From Operations (FFO) remained stable in 2013 at €702.4 million (2012: €705.6) million, Total Adjusted Debt (TAD) increased by €174.4 million to €3,502.1 as a result of higher net debt levels and increased provisions. This resulted in an FFO/TAD ratio at 31 December, 2013 of 20.1% compared to 21.2% at 31 December, 2012.

The Group's interest cover remains strong at 7.9 as detailed in the following graph.

Five year summary funding ratios



7.9

- EBITDA / Net Interest (LH scale)
- EBITDA / Net Interest **2013** (LH scale)
- Ratio of funds from operations to total adjusted debt (FFO/TAD), as at the end of the year (RH scale)

Group pension funds

We operate a number of pension schemes for our employees in Germany, the Netherlands, the UK and the USA. These are a mixture of defined contribution and defined benefit schemes. Entrance to the UK defined benefit scheme has been closed to new starters since 2009.

For the defined benefit schemes, we record any shortfall between the present value of the different schemes' liabilities and the fair value of the assets held under the schemes as a liability on the Statement of financial position as at 31 December 2013. The net liability for the Group's defined benefit pension schemes at 31 December 2013 was €57.3 million (2012: €78.8 million). This decrease is primarily due to higher discount rates reducing the present value of scheme liabilities.

Following the 2012 triennial valuation of the UK schemes, a revised deficit repair plan was agreed with the UK trustees. The plan includes deficit repair payments of £6.5 million annually for seven years from 2013.

Group Finance Report continued

Provisions for decommissioning and tails
We make provision in our statement of financial position for the following obligations:

Plant and machinery decommissioning
We have an obligation under our operating licences to decommission our enrichment facilities safely, once they reach the end of their operational life. During the year the decommissioning provision increased by €17.1 million (2012: €60.9 million) due to the installation of additional plant and machinery of €12.9 million (2012: €15.2 million) and additional container purchases of €4.2 million (2012: €45.7 million). The addition to the decommissioning provision associated with the installation of plant and machinery has been recognised as an equivalent addition to the decommissioning asset in the Statement of financial position.

Tails deconversion, storage and eventual disposal
We provide for the costs of deconverting the by-product of the enrichment process (chemically converting tails from UF6 to U3O8), long-term storage and eventual disposal. Additional tails provisions recognised in the year were €127.0 million (2012: €137.3 million) with the decrease compared to 2012 mainly due to lower production rates of tails. Provisions utilised are slightly lower at €49.8 million (2012: €51.1 million) due to decreased deconversion activity.

Further information on nuclear provisions is on page 91 and 92.

Order book
Continued long-term visibility of future revenue beyond 2025 is underpinned by URENCO's order book. The value of the order portfolio at 31 December 2013 was in excess of €17 billion (2012: circa €18 billion). URENCO continues to be a leading provider of enrichment services to the global nuclear power industry and our share of the world market remained stable at 31% as at 31 December 2013 (2012: 31%) (source: URENCO).

Funding position
During 2013, the Group's commercial paper programme was increased in size from $500 million to $1 billion to increase our borrowing flexibility if required.

In the first half of February 2014, we issued a 7 year €750 million bond. At the same time we announced a tender offer which resulted in a repurchase of €170 million of our €500 million bond due in May 2015.

As a result of strong cash flow generation from operations, we have a strong funding position for our capital expenditure programme. On the basis of our forecast operating cash generation and capital expenditure, we have committed funding to meet our needs beyond 2015.

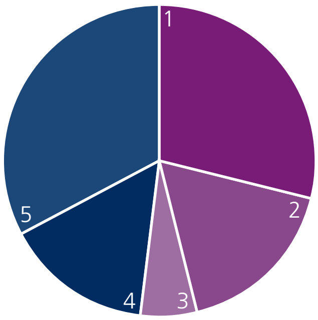
Our funding position is underpinned by our strong order book, which gives us long-term revenue visibility, and robust EBITDA margins, resulting in strong cash flow generation.

Good visibility of future revenues underpinned by our long-term contracts supports our strategy.

Order book

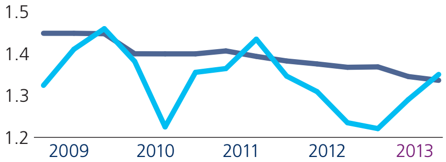
Continued long-term visibility of future revenue beyond 2025 is underpinned by URENCO's order book.

Funding facilities at 31 December 2013
(€million)



1 Bank loans **(€896m)**
2 EIB **(€526m)**
3 European Private Placements **(€184m)**
4 US Private Placements **(€470m)**
5 Eurobonds **(€1,000m)**

Hedged and monthly exchange rates



$ to € exchange rate
Average rate of hedges in place

Funding programme

At the end of 2013, our total committed borrowing facilities were €3.1 billion (2012: €3.1 billion). The chart (left) shows the split of borrowing facilities by type, as at 31 December 2013.

The Group's funding strategy is to:

- Use a range of financial instruments and financial markets in order to exploit attractive funding opportunities as they emerge.
- Maintain a core of longer-dated debt and committed borrowing facilities, consistent with the long-term nature of the Group's investments and the need to maintain an optimised long-term capital structure.

The average time to maturity of the Group's debt at 31 December 2013 was 4.8 years (2012: 5.8 years).

Managing foreign currency risk

Our foreign currency hedging policy has the twin objectives of reducing volatilities in cash flows and income. The sensitivity of future cash flows to exchange rate movements could be minimised by hedging net contracted US dollar exposure from a contract at the time of its signature. However, a long-term reduction of income exposure is much more difficult to achieve due to the strict requirements with respect to hedge accounting under IFRS. URENCO has a stable future revenue stream that enables it to maintain a sizeable portfolio of effective accounting hedges. Even so, there is always an element of uncertainty due to changes in quantities and timing of deliveries based on market movements and customers' requirements, which makes it difficult to achieve effective hedge accounting over the longer term.

The Group's six year rolling hedging policy dampens the impact of short term foreign exchange rate movements but removes the impact of long term changes in the relationship between currencies.

Euro to dollar exchange rates and URENCO hedged rates

The Group's hedging policy has been set on a 72 month rolling basis (see page 85 of the financial statements). This medium-term hedging period strikes a balance between the objective of maximising cash flow certainty (which suggests a long hedging period) and the objective of maintaining a hedge portfolio that largely qualifies for hedge accounting under IFRS.

In 2013, portions of the Group's portfolio of hedging instruments were not eligible for hedge accounting. IFRS requires that the change in fair value of these instruments in the reporting period is taken through the Income Statement. The table below specifies the hedging results related to ineligible and ineffective currency hedges. URENCO will continue aiming to minimise accounting volatility arising from hedging.

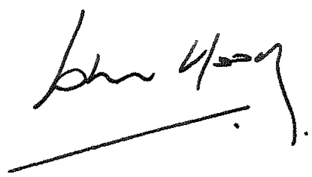
Ineligible/ineffective hedges

	2013 €m	2012 €m
Gains from ineligible / ineffective hedges (reported in Finance income)	12.8	14.9
Losses from ineligible / ineffective hedges (reported in Finance cost)	(6.7)	(6.2)
Net income / (loss) from ineligible / ineffective hedges before tax	6.1	8.7

Outlook

In the short term, we anticipate continued pricing pressures, a slowdown of the nuclear market and increased worldwide inventories. We are confident that the global nuclear industry will continue to grow in the coming years. Good visibility of future revenues underpinned by our long-term contracts supports our strategy. We continue investment in enrichment capacity in 2014 in the USA. We are on schedule to achieve our target of 18,000 tSW/a by 2015 and we will also continue planned investment in the Tails Management Facility.

The Strategic Report was approved by the Board of Directors on 4 March 2014 and signed on behalf of the Board by:



John Hood
Chairman


05-01-415-1B3
METAFLEX

Our continuous investment

We aim to build on our strength as a market leader in global enrichment services

We demonstrate our ongoing strength across many different aspects of our business – from our underlying financial strength through to our ongoing investment in our facilities and the skills and development of our people. We know that to stay strong and offer a world-class uranium enrichment service we must continue to invest in and develop our employees: innovate and improve what we offer and how we deliver.

An apprentice receives training at our Dutch enrichment facility.

Board of Directors

John Hood 1

Chairman

Dr John Hood is the President and Chief Executive Officer of the Robertson Foundation and Chair of the Rhodes Trust. He also serves as a director on the board of BG Group plc and as Chairman of Matakina Limited and of Study Group Limited. In January 2014, John will join the board of WPP plc.

In addition to these appointments, John serves on the boards of the Mandela Rhodes Foundation, the Kawharu Foundation and the Saïd Business School Foundation. He also serves on advisory boards for Lund University, Singapore Management University, the African Leadership Academy and the University of Oxford's Medical Sciences Division.

From 2004 to 2009, John served as Vice-Chancellor of the University of Oxford. He served as Vice-Chancellor of the University of Auckland from 1999 to 2004.

John earned a Bachelor of Engineering and a PhD in Civil Engineering from the University of Auckland. Upon completing his doctorate, he was awarded a Rhodes scholarship to study at the University of Oxford. There he read for an MPhil in Management Studies and was a member of Worcester College.

Helmut Engelbrecht 2

Chief Executive Officer

Helmut graduated in mechanical engineering from the University of Aachen and has a PhD in nuclear technology. In 1986 he moved to PreussenElektra becoming Head of Corporate Development in 1998, and was appointed Director of E.ON Benelux in 2000. He joined URENCO in 2003 and was appointed CEO in January 2005.

Marcel Niggebrugge 3

Chief Financial Officer

Marcel graduated in economics from the University of Tilburg in The Netherlands and joined Shell International Petroleum Company in 1976. During his 25 years with Shell, he worked in various positions and business areas and had a number of international assignments. His final position with Shell was as Finance Director of Nederlandse Aardolie Maatschappij. In 2000, Marcel joined the Dutch National Railways Company as CFO and member of the Executive Board, a position he held for over 10 years. Marcel joined URENCO as CFO on 1 November 2012. He also currently holds various non-executive directorships.

George Verberg 4

Deputy Chairman and Chairman of Remuneration and Appointments Committee

George graduated from the Netherlands School of Economics of the Erasmus University. From 1971 to 1974 he was at the Ministry of Education, Culture and Science. In 1974 he moved to the Ministry of Economic Affairs where he held the positions of Director General for Trade and Services, and Director General for Energy. He joined NV Nederlands Gasunie in 1988 and was CEO from 1992 to 2004. He was appointed President of the International Gas Union from 2003 to 2006 and joined the URENCO Board in December 2003. George is also Chairman of the Remuneration and Appointments Committee.

Gerd Jaeger 5

Deputy Chairman

Gerd graduated in mechanical engineering from the University of Aachen researching in heat and power engines for his PhD. He joined Rheinisch-Westfälische Elekrtizitätswerk AG in 1977, rising to the position of Senior Vice President of the central division asset management. He became a member of the Executive Board of RWE Energie AG in 1999, and joined the Executive Board of RWE Power AG in October 2000. Since 2012 he has acted as an adviser to RWE AG. He joined the URENCO Board in March 2001.

Stephen Billingham 6

Chairman of Audit Committee

Stephen is Executive Chairman of Punch Taverns plc, one of the UK's largest leased public house operators.

Stephen was Finance Director (CFO) of British Energy Group plc, the FTSE 100 company and the UK's largest electricity generator. Prior to joining British Energy, he was the Group Finance Director (CFO) of the international engineering and design consultancy, WS Atkins plc. He was the Finance Director of the team that signed the Metronet/London Underground Public Private Partnership. He has been Group Treasurer of the engineering group BICC plc (now Balfour Beatty plc) and the utility Severn Trent plc and has held finance positions in Burmah Oil plc and British Telecom plc.

Stephen joined the URENCO Board in September 2009 and is Chairman of the Audit Committee.

Bernhard Fischer 7

Non-executive Director

Bernhard graduated in mechanical engineering from the University of Hannover. In 1982 he joined PreussenElektra and held several positions in the power plant sector until he became Managing Director of E.ON Kraftwerke in 2000.

From 2002 until 2005 he was responsible for energy business optimisation at E.ON Energie before being appointed as a Board Member of E.ON Energie. In July 2009 he received a PhD degree (Dr. h.c.) from the University of Munich. On 1 January 2010 he was appointed as Chief Executive Officer of E.ON-Generation GmbH, being responsible for operation of the whole E.ON Generation Fleet. He joined the URENCO Board in April 2008.

Victor Goedvolk 8

Non-executive Director

Victor graduated in Economics from Erasmus University in Rotterdam and was subsequently appointed Assistant Professor of Business Economics in the Faculty of Economics. From 1978 he was a staff member of a consultancy firm in the Benelux. In 1983 he joined the Ministry of Finance and was appointed Deputy Secretary General in 1986. From 1990 until his retirement in 2004 he was CFO of Fortis ASR and Non-executive Director of Fortis Bank. He was appointed Vice-Chairman of Ultra-Centrifuge Nederland NV and joined the URENCO Board in April 2003. He currently also holds several non-executive positions in Dutch companies and institutions.

Richard Nourse 9

Non-executive Director

Richard is Managing Partner of Greencoat Capital LLP, the renewable energy and cleantech fund manager.

Richard is also a Director of Enrichment Holdings Limited, the company through which the British Government holds its shareholding in URENCO, having previously been a Director at the Shareholder Executive, part of the British Government.

Until 2007, he held senior positions at Merrill Lynch, including Head of the EMEA Energy and Power Team. Richard started his career in the City over 25 years ago with Morgan Grenfell. He joined the URENCO Board in January 2009.

Company Secretary
Sarah Newby

Registered Number
01022786

Registered Office
URENCO Limited
URENCO Court
Sefton Park
Bells Hill
Stoke Poges
Buckinghamshire SL2 4JS

Auditors
Deloitte LLP
2 New Street
London EC4A 3BZ

Consolidated Group Financial Statements

For the year ended 31 December 2013

Governance and financial statements p40–97

Corporate Governance

We demonstrate our commitment to being a responsible long-term business and accountability through our strong corporate governance.

During the year, we carried out our governance responsibilities at Board and Committee meetings as described further in this section of the report. In addition to discussing and acting on day-to-day matters we explored ways to further build on our good governance in 2013 and beyond.

John Hood
Chairman

Ensuring good governance at URENCO

Our policy on corporate governance is to follow principles of good governance, transparent reporting and URENCO's core values. We practise a system of full transparency where management reports regularly and comprehensively to the Board and provide extensive background information for all matters requiring Board approval. All Board decisions are clearly minuted and recorded. In addition, Board representatives together with external advisers as appropriate consider in further detail issues of particular complexity through regular meetings of the Audit Committee, Remuneration and Appointments Committee and, where required, special working groups. Our commitment to good corporate governance ensures the Group has clear strategic direction and enables us to assess, control and manage risk effectively.

The Board and its committees

Board composition

The Board consists of the Chairman, six Non-executive Directors and two Executive Directors.

Two Non-executive Directors are appointed by each of URENCO's three Shareholders. An additional Non-executive Director is elected onto the Board by unanimous resolution of the Shareholders and elected as Chairman by the Board. The two Executive Directors are elected into position by the Board.

The Directors of the Company in office during the 2013 financial year were:

Non-executive Directors

- **John Hood**
  Chairman
- **Gerd Jaeger**
  Deputy Chairman
- **George Verberg**
  Deputy Chairman and Chairman of the Remuneration and Appointments Committee
- **Stephen Billingham**
  Chairman of the Audit Committee
- **Bernhard Fischer**
- **Victor Goedvolk**
- **Richard Nourse**

Executive Directors

- **Helmut Engelbrecht**
  Chief Executive Officer
- **Marcel Niggebrugge**
  Chief Financial Officer

Biographies of the Directors are on pages 36-37.

Operation of the Board

The Board manages overall control of the Group's affairs and is responsible to the Shareholders for key policies and strategic direction. The Board meets regularly to consider matters specifically reserved for its decision. These include the approval of the strategic business plan, finance policies, budget and financial statements, major capital projects, acquisitions and disposals, major regulatory issues and major policies on environmental, health and safety issues, and senior management appointments.

The Board and its committees are provided with full and timely information well in advance of meetings. The agenda is set by the Chairman in consultation with the Executive Directors and Company Secretary. Formal minutes recording discussions and decisions of all Board and Committee meetings are prepared and circulated to the respective Board and Committee members.

The Board recognises the need for a reasonable balance between Executive and Non-executive Directors in providing judgement and advice on decision-making. In addition to fulfilling their legal responsibilities as Directors, Non-executive Directors are valued by the Company for the judgement and experience they provide to the Board at Board and Committee meetings and beyond.

Board meetings

URENCO's Board meets regularly throughout the year in order to effectively discharge its duties. During 2013, the Board met seven times.

Each year the Board holds one of its meetings at an enrichment facility. In 2013 that meeting was held at URENCO's Capenhurst site. The Board received presentations from the managing directors of the enrichment facility (URENCO UK Ltd); the tails management facility (TMF) and Capenhurst Nuclear Services (CNS). Board members also participated in site tours of the TMF construction site and the CNS facility.

Board meetings attendance

	Number of meetings	Meetings attended
John Hood	7	7
Gerd Jaeger	7	6
George Verberg	7	7
Steven Billingham	7	7
Bernhard Fischer	7	7
Victor Goedvolk	7	6
Richard Nourse	7	7
Helmut Engelbrecht	7	7
Marcel Niggebrugge	7	7

We practise a system of full transparency where management reports regularly and comprehensively to the Board and provides extensive background information for all matters requiring Board approval.

Board committees

The Board has two committees, the Audit Committee and the Remuneration and Appointments Committee. More detail of the work of these committees is contained later in this report. Both committees report formally to the Board after each meeting.

Effective January 2014, the Board will establish one further committee, the Sustainability Committee. The purpose of the Committee will be to monitor, on behalf of the Board, the implementation of URENCO's core values and sustainability strategy. The Committee's areas of focus will be health, safety, environment, asset integrity, security, ethical conduct and social performance. The Committee will also maintain an overview of the Group's policies and achievement of key objectives in these areas and report to the Board on the results of these reviews.

Accountability and audit

The Board has overall responsibility for internal controls, including risk management, and approves appropriate policies regarding Group objectives. The Executive Directors are responsible for identifying, evaluating and managing both financial and non-financial risk and implementing and maintaining control systems in accordance with Board policies.

The Group operates an objective-driven approach aimed at satisfying its core targets set out in a strategic business plan. Its objectives are set out in an annual budget approved by the Board. Management reports for the Group are prepared on a quarterly basis and distributed to the Board. In addition, the Board receives monthly reports containing key performance indicators. The plans and reports cover both revenue and expenditure (including capital) and financing.

The Board is also responsible for the Group's system of internal control and for reviewing its effectiveness. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Additional background information

Shareholding structure

URENCO's shares are ultimately held one-third by the UK Government (through Enrichment Holdings Limited), one-third by the Dutch Government (through Ultra-Centrifuge Nederland Limited), and one-third by German utilities (through Uranit UK Limited[2]).

History and wider governance issues

URENCO was founded in 1970 following the signing of the Treaty of Almelo by the governments of Germany, the Netherlands and the UK. It was incorporated as an English private limited liability company on 31 August 1971. The Almelo Treaty establishes the fundamental principles for supervising effectively URENCO's technology and enrichment operations with respect to non-proliferation. A Joint Committee of representatives of the governments of the signatory countries exercises this supervisory role but has no role in URENCO's day-to-day operations. The Joint Committee considers all questions concerning the safeguards system (as established by IAEA and EURATOM), classification arrangements and security procedures, exports of the technology and Enriched Uranium Product and other non-proliferation issues. The Joint Committee also considers issues connected with changes in URENCO's ownership and transfers of technology. URENCO's Executive Management periodically meets with the Joint Committee.

Before the construction of URENCO's enrichment facility in the US and in order to permit the transfer into the USA of classified information regarding URENCO's proposed new facility, the USA Government entered into a new intergovernmental treaty (the Treaty of Washington) with the governments of Germany, the Netherlands and the UK to ensure that the same conditions that had been agreed in the Treaty of Almelo would also apply in the USA. The Treaty of Washington was signed on 24 July 1992.

In order to permit the completion (in 2006) of the joint venture with Areva regarding the Group's technology business ETC, France needed to adhere to the principles of the Treaty of Almelo. A new treaty (the Treaty of Cardiff) was signed on 12 July 2005 by the governments of Germany, the Netherlands, the UK and France. EC competition clearance was also required to complete the transaction. This was granted on 1 July 2006. The terms of the clearance require certain commitments from URENCO and Areva to ensure that URENCO and Areva remain competitors in the field of enrichment and that no commercially sensitive information about their enrichment operations passes between URENCO and Areva by virtue of their being joint shareholders of ETC.

[2] Shares in its German holding company are indirectly held 50% by E.ON Kernkraft GmbH and 50% by RWE Power AG.

Audit Committee Report

The Audit Committee is a committee of the Board of Directors of URENCO Limited.

Composition

The Chairman of the Audit Committee is Stephen Billingham. His biography can be found under Board of Directors, page 37. Thomas Beermann[3] and Victor Goedvolk are members of the Audit Committee.

In addition to Audit Committee members, the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer and the Group's external and internal auditors also attend Committee meetings.

The Company Secretary is secretary to the Audit Committee.

Role

The Audit Committee is a committee of the Board of Directors of URENCO Limited.

The objective of the Committee is to monitor, on behalf of the Board, the Group's financial reporting, the integrity of its financial statements and its systems of internal control. The Audit Committee reports to the Board on these matters, making recommendations where appropriate.

The Terms of Reference of the Audit Committee set out its key responsibilities.

These include:

- Group Financial Control Matters.
- Financial Reporting.
- Internal Controls and Risk Management Systems.
- External Audit matters.
- Internal Audit matters.
- Whistleblowing and Fraud.

A copy of the Audit Committee's Terms of Reference is available on URENCO's website.

Membership and attendance during the year

	Number of meetings	Meetings attended
Stephen Billingham	5	5
Victor Goedvolk	5	5
Thomas Beermann	5	4

Key issues

The Audit Committee receives and reviews regular Risk, Treasury and Internal Audit reports. Additionally, during 2013 the Committee:

- Considered the 2012 Annual Report and the 2013 half year results.
- Reviewed the Group's whistleblowing procedures.
- Considered the Internal Audit strategy and scope of activities.
- Considered the independence, objectivity and fees of the external auditors and scope of audit and non-audit services.
- Received and considered the Internal Audit report on compliance with the Group's Anti-Bribery and Corruption Policy.
- Received and considered a presentation from the Group Head of Tax on the Group's tax management.
- Received and considered a presentation on the Group's insurance arrangements.

The Committee regularly allocates time at meetings for discussions without executives present. The external auditors and Head of Internal Audit have direct access to the Chairman of the Committee.

The Audit Committee has reviewed the effectiveness of URENCO's risk management and internal control systems for the financial year and the period to the date of approval of the financial statements.

External auditor

The Audit Committee Terms of Reference requires that the Audit Committee assesses annually the external auditor's independence and objectivity and the relationship with the auditor as a whole, including the provision of any non-audit services. During 2013 the Audit Committee reviewed and discussed the external auditor's independence including the statement of non-audit fees earned during the current and previous financial year. The Audit Committee also considered and noted the external auditor's Annual Transparency Report.

On behalf of the Audit Committee

Stephen Billingham
Chairman of the Audit Committee

[3] Thomas Beermann is an appointee of Uranit UK Ltd onto the Audit Committee

Remuneration Report

The Remuneration and Appointments Committee is a committee of the Board of Directors of URENCO Limited.

Remuneration and Appointments Committee

Composition

The Remuneration and Appointments Committee is comprised entirely of non-executive Directors. The Chairman of the Remuneration and Appointments Committee is George Verberg. His biography can be found under Board of Directors, page 36. Gerd Jaeger, Bernhard Fischer and Richard Nourse are members of the Remuneration and Appointments Committee.

In attendance by invitation are the URENCO Limited Board Chairman, the Chief Executive Officer and Head of Group Human Resources. The Chief Executive Officer does not attend the meetings where his remuneration is discussed.

Role

The Remuneration and Appointments Committee is a committee of the Board of Directors of URENCO Limited.

The key responsibilities of the Remuneration and Appointments Committee are:

- To make recommendations to the Board on the remuneration packages for each Director.
- The appointment of the Chief Executive Officer, Chief Financial Officer and the Company Secretary.
- The fees of Non-executive Directors of the Company.
- Succession planning.
- The appointment of Independent Directors.

Membership and attendance during the year

	Number of meetings	Meetings attended
George Verberg	5	5
Gerd Jaeger	5	5
Bernhard Fischer	5	5
Richard Nourse	5	5

Key issues

During 2013 the Remuneration and Appointments Committee:

- Reviewed the 2012 targets set for the CEO and CFO.
- Set 2013 targets for the CEO and CFO.
- Considered Executive Remuneration and Non-executive Director fees.
- Discussed succession planning.
- Reviewed the long–term incentive plan.

On behalf of the Remuneration and Appointments Committee

George Verberg
Chairman of the Remuneration and Appointments Committee

Remuneration Report continued

Remuneration Policy

The Company's policy on Executive Directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing shareholder value. The package consists of basic salary, benefits, pension and performance related bonus, a long-term incentive scheme (LTIS), with a significant proportion based on performance and dependent upon the achievement of targets. The remuneration of the Non-executive Directors is in line with UK market standards and is reviewed annually rather than biannual, other than the remuneration of the Chairman which is set at the beginning of the term of appointment.

Basic Salary and Benefits

The salary and benefits for Executives are reviewed annually. The Chief Executive Officer received a 3.2% increase in basic salary for the 2013 calendar year. This increase in basic salary was in line with the increase for all employees throughout the Company. There were no changes to the Chief Finance Officer's basic salary. Executive Directors receive benefits that principally comprise a car, private healthcare and other expenses.

Total Remuneration

In line with the principles referred to previously, the total remuneration levels of the Executive Directors are reviewed annually by the Remuneration and Appointments Committee having regard to remuneration levels of Directors of comparable companies and advice received from external independent experts. The total remuneration package of Executive Directors comprises the following components:

- **Base salary** – This is determined for each Executive Director taking into account the responsibilities of the individual and information from independent sources on the levels of salary for similar jobs in a selected group of comparable companies.
- **Annual bonus** – Performance related bonuses for Executive Directors are based on performance criteria.
- **Long-term incentive scheme** – An annual scheme which grants cash awards with the maximum potential award determined at grant. Awards only vest to the extent that certain minimum earnings per share (EPS) performance targets are met over a four year performance period.
- **Contracts of service** – The Executive Directors' service agreements provide for discretionary reviews of salary and for termination on 12 months' notice by the Company or six months' notice by the Director.
- **Pensions** – The Executive Directors are eligible for membership to the Group pension scheme. The scheme has a defined benefit pension section, which is approved by HM Revenue & Customs (closed to new entrants) and a defined contribution section. The scheme also provides for dependants' pensions and lump sums on death in service.

Remuneration Report continued

Director's remuneration

The remuneration of the Directors is as follows:

	Basic salary and fees €	Benefits(i) €	Performance related bonuses €	LTIS €	Total 2013 €	Total 2012 €
Executive Directors:						
Helmut Engelbrecht	543,044	44,300	125,503	81,637	794,484	764,317
Marcel Niggebrugge	528,915	241,769	129,569	-	900,253	115,890
Bart Le Blanc	-	-	-	-	-	304,823
Friso van Oranje†	-	-	-	-	-	294,875
Non-executive Directors:						
John Hood	210,793	-	-	-	210,793	215,199
Stephen Billingham	47,484	-	-	-	47,484	49,557
Bernhard Fischer	41,605	-	-	-	41,605	43,421
Victor Goedvolk	44,774	-	-	-	44,774	46,729
Gerd Jaeger	52,952	-	-	-	52,952	55,263
Richard Nourse	38,883	-	-	-	38,883	40,580
George Verberg	49,487	-	-	-	49,487	51,648
	1,557,937	286,069	255,072	81,637	2,180,715	1,982,302

(i) Benefits paid to Executive Directors include provision of motor vehicles, medical insurance and living expenses.

In the event that payments are made in sterling, the average rate is adopted for conversion purposes; this was set at £0.8487 to €1 for 2013 (2012: £0.8132 to €1).

Pensions

The Executive Directors of URENCO Limited are entitled to become members of the Company's pension scheme.

Details of the pension entitlements earned by the current Executive Directors are shown below:

Defined benefit pension scheme

	Accrued pension at 31/12/2013 €	Accrued pension at 31/12/2012 €	Transfer value at 31/12/2013 €	Transfer value at 31/12/2012 €
Helmut Engelbrecht	198,898	188,719	3,973,854	3,890,111

Accrued pensions and transfer values are retranslated from sterling to euros at the closing rate of £0.83020 to €1 (2012: £0.81189 to €1).

Accrued pension: The deferred pension per annum to which the Directors would have been entitled had they left the Company on 31 December 2013 and 2012 respectively.

Transfer value: The expected cost of providing the accrued pension within the Company's pension scheme calculated on the basis of guidance issued by the Company's actuary.

In addition to the accruals already made in the Company's defined benefit scheme, H Engelbrecht has a right under his contract of employment to receive a certain income as retirement benefit which would be payable under certain circumstances. The revenue funding cost of this company commitment, as assessed by an independent actuary, has previously been assessed to be €2.8 million (2012: €2.8 million). This cost will be reviewed periodically.

Defined contribution pension scheme

During 2013, €nil (2012: €42,841) was paid into a defined contribution scheme on behalf of Friso van Oranje.

† Friso van Oranje deceased 12 August, 2013

Remuneration Report continued

Long-term incentive scheme

The Executive Directors are eligible to share in the Company's long-term incentive scheme. Details of this scheme are given in the "Total Remuneration" section on page 45.

Details of the accrued entitlements earned by the Executive Directors are shown below:

	Helmut Engelbrecht €	**Marcel Niggebrugge[1] €**	Scheme maturing at 31 December
Incentive scheme accrual as at 1 January 2013	**482,360**	-	
Exchange adjustments	**(10,638)**	-	
LTIS paid during the year	**(338,765)**	-	
LTIS 2009 accrued adjustment during the year	**(57,010)**	-	2012
LTIS 2010 accrued during the year	-	-	2013
LTIS 2011 accrued during the year	-	-	2014
LTIS 2012 accrued during the year	**49,452**	-	2015
LTIS 2013 accrued during the year	**89,195**	-	2016
Total incentive scheme accrual at 31 December 2013	**214,594**	-	

1 Marcel Niggebrugge's fixed term contract does not include entitlement to a LTI.

The long-term incentive plan is an award of cash with the maximum potential award determined at grant. The awards vest no earlier than the fourth anniversary of grant. Performance is measured on the increase in earnings per share (EPS) from year of grant to year of vest.

The Executive Directors' awards vest to the extent that EPS performance targets are met over the four year performance period. EPS is calculated as net income attributable to equity holder of the parent divided by the number of shares (see note 11 to the consolidated financial statements).

The unvested awards would lapse for individuals who are dismissed or resign. For leavers by retirement, illness or caused by death these awards would usually vest at the normal time subject to performance measured over the full performance period.

Award sizes as percentage of salary for Executive Directors:

Base		**2013**		**2012**		**2011**		**2010**
Scheme maturity		**2016**		**2015**		**2014**		**2013**
	Growth in EPS achieved over 4 year period	**Cash award as percentage of salary**	Growth in EPS achieved over 4 year period	Cash award as percentage of salary	Growth in EPS achieved over 4 year period	Cash award as percentage of salary	Growth in EPS achieved over 4 year period	Cash award as percentage of salary
	10%	50%	10%	50%	30%	50%	30%	50%
	17%	75%	30%	75%	50%	75%	50%	75%
	35%	150%	50%	100%	100%	100%	100%	100%
			100%	150%	150%	150%	150%	150%

Directors' Report

The Directors present their Annual Report and accounts for the year ended 31 December 2013.

Adoption of new regulations relating to Strategic Report

As required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Directors have considered the changes required to ensure compliance with these new regulations. The requirement to include a business review within the Directors' Report has been replaced with the requirement to prepare a Strategic Report. Unlike the business review, the Strategic Report must be presented separately to the Directors' Report. It must also be separately approved by the Board of Directors and signed on behalf of the Board by a Director or the Company Secretary. To comply with the Regulations, the section within the Directors' Report which was previously titled Business Review has therefore been removed from the Directors' Report and presented separately. References to the Business Review have been replaced with references to the Strategic Report.

Results and dividends

Net income for the year attributable to equity holders of the Parent Company amounted to €336.6 million (2012: €399.8 million).

The Directors recommend a final dividend for the year of €340.0 million. No interim dividend was paid during 2013 (2012: final dividend of €270.0 million paid in 2013, with an interim dividend of €100.0 million declared and paid in 2012).

Principal activity

The URENCO Group's principal activity is the provision of a service to enrich uranium to provide fuel for nuclear power utilities, by enriching uranium provided by our customers. The Group currently achieves this in Europe through its main operating subsidiary, URENCO Enrichment Company Limited, which has three operating subsidiaries that own and operate enrichment facilities in Germany (Gronau), the Netherlands (Almelo), the UK (Capenhurst) and through another Group subsidiary in the US at Eunice, New Mexico.

The Group also owns a 50% interest in ETC, a joint venture company jointly owned with Areva. ETC provides gas centrifuge technology for the Group's enrichment facilities through its subsidiaries in the UK, Germany, the Netherlands and the US. The Group accounts for its interest in ETC using the Equity Accounting method.

URENCO Limited is the ultimate holding Company and provides management and strategic support for the URENCO Group, being URENCO Limited and its subsidiaries.

More information on the Group's activities is presented in the Overview and Chief Executive Officer's review from page 6.

Going concern

The Group's business activities, achievements, risks and opportunities are set out in the Chief Executive Officer's review on pages 16 to 17 and the Group Finance Report on pages 30 to 33. The Group finance report includes information on the financial position of the Company as well as a description of the Group's objectives, policies and processes for managing its capital, its exposures to foreign currencies and other financial risks. URENCO's business is long-term by nature and its significant order book of contracted and agreed sales (in excess of €17.0 billion extending beyond 2025) provides a strong foundation for the future. The Group has adequate financial resources and its cash flow forecasts indicate that financing facilities committed and in place are sufficient to cover the Group's cash needs to at least a year after the approval date of these financial statements, including all committed capital expenditure.

The Directors are satisfied that the Group 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.

Risk management: the use of financial instruments

The Group's policies with respect to financial instrument risk management are covered on page 33 and in note 23 to the consolidated financial statements.

Research and development

Research activities within the Group are predominantly carried out by the Central Technology Group (CTG) which conducted research and development into improving operational performance and safety. Research activities relating to core centrifuge technology are undertaken by ETC to maintain the Group's position of technical excellence. The Group continues to seek out opportunities to exploit new markets.

Donations

During the year, the Group made contributions of €9,200 (2012: €9,800) to local political parties outside the European Union. These were made in the US from income generated by one of URENCO's US entities. As part of the Group's commitment to the communities in which it operates, contributions totalling €1,219,400 (2012: €1,080,600) were made during the year to local charities and community projects.

Events after the reporting period

As of 4 March 2014, no material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the Annual Report and accounts.

Disabled employees

It is the policy of the Group to give full and proper consideration to applications from disabled people for employment where the job can be adequately performed by a disabled person. In the event that an existing employee becomes disabled, it is the policy of the Group to allow that person to continue their employment if possible, or to provide alternative training if necessary.

Employee involvement

During the period, employees within the Group have been informed of developments throughout the Group and in the industry. This is through Group and local newsletters, the intranet, notices and meetings. Where appropriate, formal meetings were held between local management and employee representatives as part of the ongoing process of communication.

Directors' interests

The Directors held no interests in the issued share capital of URENCO Limited either beneficially or otherwise at 31 December 2013 or at any other time during the year. The Directors have declared that they have no material interest during the year in any contract which is significant in relation to the Company's business.

Supplier payment policy and practice

The Group values its relationships with suppliers of goods and services. The Group negotiates terms and conditions of supply prior to delivery and, as a matter of policy, honours these terms once delivery has been made. At 31 December 2013, the Company had an average of 24 days' purchases owed to trade creditors (2012: an average of 27 days' purchases owed to trade creditors).

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint Deloitte LLP for the coming year will be put to the Annual General Meeting on 4 March 2014.

Subsequent events

In the first half of February 2014, we issued a 7 year €750 million bond. At the same time we announced a tender offer which resulted in a repurchase of €170 million of our €500 million bond due in May 2015.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and accounts and the Group financial statements in accordance with applicable law and regulations.

The Board confirms that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance, strategy and business model of the company.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for that period.

In preparing the Group financial statements, International Accounting Standards require the Directors to:

- properly select and apply accounting policies;
- 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 entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board.

Sarah Newby

Sarah Newby
Company Secretary

4 March 2014

Independent Auditors' Report

To the members of URENCO Limited

We have audited the Group financial statements of URENCO Limited for the year ended 31 December 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our 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 us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's 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, we read all the financial and non-financial information in the annual 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Parent Company financial statement of URENCO Limited for the year ended 31 December 2013.

Ross Howard FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

4 March 2014

Consolidated Income Statement

For the year ended 31 December

	Notes	**2013 Results for the year €m**	2012 Results for the year (restated[i]) €m
Revenue from sales of goods and services	3	**1,514.6**	1,601.4
Work performed by the Group and capitalised		**15.1**	17.2
Changes to inventories of work in progress and finished goods		**85.5**	3.7
Raw materials and consumables used		**(102.7)**	(69.1)
Tails provision created	25	**(127.0)**	(137.3)
Employee benefits expense	6	**(155.9)**	(158.8)
Depreciation and amortisation	5	**(396.8)**	(338.3)
Other expenses	5	**(261.7)**	(244.5)
Share of results of joint venture	15	**(12.8)**	(58.3)
Income from operating activities	5	**558.3**	616.0
Finance income	7	**38.3**	40.3
Finance costs	8	**(132.7)**	(122.6)
Income before tax		**463.9**	533.7
Income tax expense	9	**(127.3)**	(133.9)
Net income for the year attributable to the owners of the Company		**336.6**	399.8
Earnings per share		**€**	€
Basic and diluted earnings per share	11	**2.0**	2.4

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

Consolidated Statement of Comprehensive Income

For the year ended 31 December

	Notes	2013 €m	2012 (restated[i]) €m
Net income for the year attributable to the owners of the Company		**336.6**	399.8
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	24	**3.3**	23.9
Cash flow hedges – mark to market		**38.6**	60.3
Net investment hedge – mark to market		**74.8**	64.0
Deferred tax on hedges	9	**(16.1)**	(20.2)
Exchange differences on hedge reserve		**6.6**	(5.6)
		107.2	122.4
Exchange differences on foreign currency translation of foreign operations		**(96.4)**	(75.3)
Share of joint venture exchange differences on foreign currency translation of foreign operations		**(0.4)**	(0.3)
		(96.8)	(75.6)
Items that will not be reclassified subsequently to the income statement			
Actuarial gains/(losses) on defined benefit pension schemes	26	**6.0**	(19.2)
Deferred tax (charge)/credit on actuarial gains/(losses)	9	**(1.1)**	5.4
Surplus on defined benefit pension schemes	26	**8.4**	(2.0)
Share of joint venture actuarial gains/(losses) on defined benefit pension schemes		**0.5**	(7.1)
Share of joint venture deferred tax (charge)/credit on actuarial gains/(losses)		**0.1**	0.7
Utility partner payments		**(0.3)**	(0.4)
Deferred tax on utility partner payments	9	**0.1**	-
		13.7	(22.6)
Other comprehensive income		**24.1**	24.2
Total comprehensive income for the year attributable to the owners of the Company		**360.7**	424.0

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

Consolidated Statement of Financial Position

As at 31 December	Notes	2013 €m	2012 (restated[i]) €m
Assets			
Non-current assets			
Property, plant and equipment	12	**4,932.9**	4,775.6
Investment property	13	**5.8**	-
Intangible assets	14	**75.2**	93.3
Investments	15	**0.5**	-
Financial assets	17	**6.1**	4.7
Derivative financial instruments	24	**82.3**	71.9
Deferred tax assets	9	**217.5**	229.7
		5,320.3	5,175.2
Current assets			
Inventories	18	**353.2**	181.9
Trade and other receivables	19	**462.4**	403.3
Derivative financial instruments	24	**17.6**	18.1
Cash and cash equivalents	20	**90.2**	95.7
		923.4	699.0
Total assets		**6,243.7**	5,874.2
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	21	**237.3**	237.3
Additional paid in capital		**16.3**	16.3
Retained earnings		**1,835.5**	1,755.2
Hedging reserve		**8.2**	(99.0)
Foreign currency translation reserve		**(116.6)**	(19.8)
Total equity		**1,980.7**	1,890.0
Non-current liabilities			
Trade and other payables	27	**133.2**	52.3
Obligations under finance leases	28	**-**	0.1
Interest bearing loans and borrowings	24	**2,308.7**	2,444.2
Provisions	25	**948.6**	826.5
Retirement benefit obligations	26	**57.3**	78.8
Deferred income	22	**37.8**	37.9
Derivative financial instruments	24	**31.4**	59.2
Deferred tax liabilities	9	**80.9**	72.4
		3,597.9	3,571.4
Current liabilities			
Trade and other payables	27	**253.7**	208.8
Interest bearing loans and borrowings	24	**356.1**	120.8
Provisions	25	**9.1**	9.6
Derivative financial instruments	24	**3.3**	12.8
Income tax payable		**41.3**	48.4
Deferred income	22	**1.6**	12.4
		665.1	412.8
Total liabilities		**4,263.0**	3,984.2
Total equity and liabilities		**6,243.7**	5,874.2

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

Registered Number 01022786

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2014.

They were signed on its behalf by:

Helmut Engelbrecht
Chief Executive Officer

Marcel Niggebrugge
Chief Financial Officer

Consolidated Statement of Changes in Equity

As at 31 December

	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €m
As at 1 January 2013	**237.3**	**16.3**	**1,755.2**	**(99.0)**	**(19.8)**	**1,890.0**
Income for the period	**-**	**-**	**336.6**	**-**	**-**	**336.6**
Other comprehensive income	**-**	**-**	**13.7**	**107.2**	**(96.8)**	**24.1**
Total comprehensive income	**-**	**-**	**350.3**	**107.2**	**(96.8)**	**360.7**
Equity dividends paid	**-**	**-**	**(270.0)**	**-**	**-**	**(270.0)**
As at 31 December 2013	**237.3**	**16.3**	**1,835.5**	**8.2**	**(116.6)**	**1,980.7**

Restated[(i)]	Share capital €m	Additional paid in capital €m	Retained earnings €m	Hedging reserves €m	Foreign currency translation reserve €m	Attributable to the owners of the Company €m
As at 1 January 2012	237.3	16.3	1,568.0	(221.4)	55.8	1,656.0
Income for the period	-	-	399.8	-	-	399.8
Other comprehensive income	-	-	(22.6)	122.4	(75.6)	24.2
Total comprehensive income	-	-	377.2	122.4	(75.6)	424.0
Equity dividends paid	-	-	(190.0)	-	-	(190.0)
As at 31 December 2012	237.3	16.3	1,755.2	(99.0)	(19.8)	1,890.0

(i) The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

Consolidated Cash Flow Statement

For the year ended 31 December

	Notes	2013 €m	2012 (restated[(i)]) €m
Income before tax		**463.9**	533.7
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:			
Share of joint venture results	15	**12.8**	58.3
Depreciation and amortisation	5	**396.8**	338.3
Finance income	7	**(38.3)**	(40.3)
Finance cost	8	**132.7**	122.6
Loss on disposal / write off of property, plant and equipment		**-**	0.8
Increase in provisions		**67.1**	73.0
Operating cash flows before movements in working capital		**1,035.0**	1,086.4
Increase in inventories		**(83.2)**	(3.6)
(Increase)/decrease in receivables		**(110.7)**	67.2
Increase in payables		**38.9**	35.3
Cash generated from operating activities		**880.0**	1,185.3
Income taxes paid		**(135.7)**	(182.1)
Net cash flow from operating activities		**744.3**	1,003.2
Investing activities			
Interest received		**25.2**	27.7
Proceeds from non designated derivatives		**0.9**	-
Proceeds from sale of property, plant and equipment		**-**	2.5
Purchases of property, plant and equipment		**(438.6)**	(432.9)
Prepayments in respect of fixed asset purchases[(ii)]		**(148.2)**	(195.2)
Purchase of investment property		**(5.7)**	-
Purchase of intangible assets		**(1.9)**	(11.0)
Purchase of investment		**(0.1)**	-
Net cash flow from investing activities		**(568.4)**	(608.9)
Financing activities			
Interest paid		**(114.4)**	(118.2)
Payments in respect of non designated derivatives		**-**	(1.0)
Dividends paid to equity holders	10	**(270.0)**	(190.0)
Proceeds from new borrowings		**320.3**	403.7
Repayment of borrowings		**(117.2)**	(476.3)
Repayment of finance lease liabilities		**-**	(0.2)
Net cash flow from financing activities		**(181.3)**	(382.0)
Net (decrease)/increase in cash and cash equivalents		**(5.4)**	12.3
Cash and cash equivalents at 1 January		**95.7**	80.2
Effect of foreign exchange rate changes		**(0.1)**	3.2
Cash and cash equivalents at 31 December	20	**90.2**	95.7

(i) The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

(ii) This represents prepayments in respect of fixed asset purchase payments made to the ETC joint venture in advance of deliveries of centrifuge cascades.

Notes to the Company Financial Statements

For the year ended 31 December 2013

1. Authorisation of financial statements and compliance with IFRS

The financial statements of URENCO Limited and its subsidiaries ("the URENCO Group") for the year ended 31 December 2013 were approved and authorised for issue by the Board of Directors on 4 March 2014 and the statement of financial position was signed on the Board's behalf by Helmut Engelbrecht and Marcel Niggebrugge.

URENCO Limited is a company domiciled and incorporated in the UK under the Companies Act 2006. The address of the Company's registered office is given on page 115. URENCO Limited is the ultimate holding company of the URENCO Group. The nature of the Group's operations and its principal activities are set out in note 4, in the Chief Executive Officer's review, and in the Directors' Report.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and as applied in accordance with the provisions of the Companies Act 2006.

2. Significant accounting policies

Basis of preparation and presentation
The Group consolidated financial statements have been prepared under the historical cost convention, except for those financial instruments and pension obligations that have been measured at fair value. The carrying values of recognised financial assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The Group consolidated financial statements are presented in euros and all values are rounded to the nearest 0.1 million (€m) except where otherwise indicated. The financial statements are presented in euros as a significant portion of the Group's cost base is euro denominated. The Group consists of entities that have functional currencies of US dollar, sterling and euros. The Parent Company's functional currency is sterling.

Going concern
As discussed in the Directors' Report, 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 annual financial statements.

Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statement for the year ended 31 December 2012, except as follows:

The Group has adopted the following new and amended IFRS and IAS during the year. Adoption of these revised standards, other than IAS 19, did not have any effect on the financial performance or position of the Group.

International Accounting Standards (IFRS / IAS)		Effective date
IFRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income	1 January 2013
IAS 19	Employee Benefits – revised	1 January 2013
IAS 27	Separate Financial Statements – revised	1 January 2013
IAS 28	Investments in Associates – revised	1 January 2013
Annual Improvements to IFRSs 2009-2011 Cycle		1 January 2013

The amendments to IAS 1 require items of other comprehensive income to be grouped by those items that will be reclassified subsequently to profit or loss and those that will never be reclassified, together with their associated income tax. The amendments have been applied retrospectively, and hence the presentation of items in other comprehensive income have been restated to reflect the change. The effect of these changes is evident from the consolidated statement of comprehensive income.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

2. Significant accounting policies continued

IFRS 13 is a new standard which became effective 1 January 2013 and which should be applied prospectively as of the beginning of the year in which it is initially applied. The disclosure requirements of this IFRS need not be applied in comparative information provided for periods before initial application of this IFRS. This standard establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The standard only deals with how to measure fair value, not when. IFRS 13 introduces a new definition of fair value which, for financial instruments, replaces the previous definition included in IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments. The new definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The effect of this changed definition is that when measuring the fair value of financial liabilities, this fair value should include the effect of the Company's own credit risk. The fair value of financial assets already included the impact of counterparty credit risk. The fair values at 31 December 2013 include the impact of credit risk.

From 1 January 2013 the accounting for changes in defined benefit obligations and plan assets has changed in accordance with the amendments to IAS 19. The amendments require that the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a "net-interest approach", which is calculated by applying the discount rate to the net defined benefit liability or asset. Current and deferred income tax expense relating to the amendments arising from the adoption of IAS 19 is calculated at the level of each tax entity by applying the tax rates and laws enacted at the relevant reporting date. The impact on prior year results when consolidated is detailed below:

	Income before tax €m	Tax €m	Net income €m	Other comprehensive income €m
Full year to 31 December 2012				
IAS 19	535.9	(134.4)	401.5	22.5
Impact of change of policy	(2.2)	0.5	(1.7)	1.7
IAS 19 revised	533.7	(133.9)	399.8	24.2

The changes to IAS 19 Employee Benefits did not have any net impact on Equity.

New standards and interpretations

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

International Accounting Standards (IFRS / IAS)		Effective date
IFRS 9	Financial Instruments	1 January 2017
IFRS 10	Investment entities - amended	1 January 2014
IFRS 12	Investment entities - amended	1 January 2014
IAS 27	Investment entities - amended	1 January 2014
IAS 19	Defined Benefit Plans: Employee Contributions – amended	1 July 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	Levies	1 January 2014

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.

Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The financial statements also incorporate the Company's share of the results of its joint venture using the equity method also made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, either through direct or indirect ownership of voting rights. Subsidiaries continue to be consolidated until the date such control ceases to exist.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. If a subsidiary ceases to be controlled, other than by sale or exchange of shares, no income or loss will be recognised in the consolidated income statement.

Where necessary, adjustments are made to the financial statements of subsidiaries and joint ventures to bring the accounting policies used into line with those used by the Group. The financial statements of subsidiaries and joint ventures are prepared for the same reporting year as the Parent Company.

All intra-group transactions, balances, income and expense are eliminated on consolidation.

2. Significant accounting policies continued

Significant estimates, assumptions and judgements

In the process of applying the Group's accounting policies, the Directors have to make estimates, assumptions and judgements. There is a risk that the carrying values of the Group's assets and liabilities could be materially different should these assumptions be materially incorrect. The main areas of risk are discussed below:

- Impairments of property, plant and equipment, investment property, intangible assets and investments require an estimation of value in use for the cash generating units involved. Estimating a value in use requires the Directors to make an estimate of the future cash flows from the cash generating unit and to choose a suitable discount rate to calculate the present value of those cash flows. The carrying values of property, plant and equipment, investment property, intangible assets and investments are given in notes 12, 13, 14 and 15 respectively.
- Depreciation of centrifuges is calculated based on their expected operational life and is charged so as to write off the cost of assets over their estimated useful lives down to their residual value. During 2013 no changes in the estimated useful life were made.
- Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that suitable taxable income will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, according to the Group's Business Plan forecasts for the period 2014 to 2023. The carrying value of deferred tax assets at 31 December 2013 was €217.5 million (2012: €229.7 million). At 31 December 2013, there were unrecognised deferred tax assets relating to US tax losses with a tax value of €13.0 million (2012: €nil million). Further details are contained in note 9.
- The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about life expectancies, discount rates, expected rates of return on assets, future salary increases, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details of these assumptions and the Group pension liability are given in note 26.
- In certain circumstances, sales of goods and services are deemed to have been met from inventory borrowed under agreement from third parties. Calculating the exact amount of third party inventory utilised requires assumptions around forecast future customer activity.
- Provision for tails disposal and for decommissioning of plant and machinery is made on a discounted basis to meet long-term liabilities. A year of discounting is unwound annually to recognise progression towards the full escalated cost estimate for eventual safe disposal or decommissioning. The final amounts of these provisions are uncertain but are evaluated based upon the planned operational activity involved in successfully achieving safe disposal or decommissioning.

  The provision for tails is calculated as a rate applicable to the quantity of tails held at the statement of financial position date. Consequently, a movement in the rate or quantity of tails held would result in a movement in the provision, excluding any changes due to translation of non-euro denominated provisions to the reporting currency of euros. The movement in the tails provision is taken directly to the income statement.

  Decommissioning costs are also escalated and discounted based upon current operational expectations. These include all costs associated with returning the site to 'greenfield' or 'brownfield' status. Adjustments to the decommissioning provisions associated with property, plant and equipment result in adjustments to the value of the related asset. Where the related asset is fully written down to residual value and the provision has decreased, a gain will be taken directly to the income statement. The Directors intend to decommission plant used in the enrichment process as soon as practicably possible after it is shut down.

  The cash flows have been inflated at a rate of 2% (2012: 2%) per annum and discounted at a rate of 4% (2012: 4%), to take account of the time value of money, in accordance with industry practice. The fundamental assumptions underlying these provisions are reviewed on a triennial basis. The last triennial review was carried out in 2012. Details of the provisions are given in note 25.
- Licences acquired are carried initially at cost. Licence costs are amortised on a straight-line basis over their useful lives. The licence in the United States was granted in 2006 and is being amortised over the licence period from the commencement of production in the United States. The first amortisation took place in 2010 when UUSA started its production.
- The Group has taken out derivative instruments, many of which are designated as accounting hedges. Judgement is applied in management's assessment of the effectiveness of these hedges in particular where the probability and timing of the cash revenues or expenditures (the hedged items) is concerned to which the hedging instruments are related.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

2. Significant accounting policies continued

Interests in joint ventures

The Group has an interest in a joint venture which is a joint arrangement. The Group has accounted for the results of its Enrichment Technology Company (ETC) joint venture in accordance with IFRS 11 *Joint Arrangements***,** which has superseded IAS 31 *Interests in Joint Ventures.* Adoption of this new standard did not result in any financial impact on the consolidated financial statements. The Group has recognised and measured the investment using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures.*

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement is either a joint operation or a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The arrangement with ETC is a joint venture, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement rather than rights to the assets and obligations for the liabilities, relating to the arrangement.

Financial statements of jointly controlled entities are prepared for the same reporting period as the Group.

When the Group contributes or sells assets to the joint venture, any portion of the gain or loss from the transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the income of the joint venture from the transaction until it uses the purchased assets to sell enrichment services to an independent party.

The carrying value of the investment in the joint venture is increased or decreased to recognise the Group's share of the net profit or net loss of the joint venture and for changes in the Group's share of the joint venture's other comprehensive income. Distributions received from the joint venture reduce the carrying amount of the investment. The Group's share of the net profit or net loss of the joint venture is recognised in the consolidated income statement. The Group's share of changes recognised in other comprehensive income of the joint venture is recognised in the consolidated statement of comprehensive income. The Group discontinues recognising its share of net assets or its share of net losses from the joint venture when the value of the investment has reduced to nil. After the Group's interest is reduced to nil, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of net losses not recognised.

Revenue recognition

The Group operates as a supplier of uranium enrichment services.

Customers usually provide natural uranium to the Group as part of their contract for enrichment with URENCO. Customers are billed for the enrichment services, expressed as separative work units ("SWU") deemed to be contained in the Enriched Uranium Product ("EUP") delivered. SWU is a standard unit of measurement that represents the effort required to separate a given amount of uranium into two streams: EUP having a higher percentage of U235 and depleted uranium having a lower percentage of U235. The SWU contained in EUP is calculated using an industry standard formula based on the physics of enrichment.

The Group also generates revenue from the sale of uranium to customers.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services and goods provided in the normal course of business, excluding discounts, VAT and other sales related taxes.

Customers may make advance payments to be applied against future orders or deliveries. Advances are accounted for as deferred revenue and revenue is recognised on provision of the service or transfer of legal title to the goods.

Sale of services
Revenue is derived from the sales of the SWU component of EUP arising from the enrichment service provided. Revenue is recognised at the time the service is provided under the terms of the contract with customers. This is the earlier of allocation of the enrichment activity (SWU) to the customer's book account (either held at a third party or with URENCO) or physical delivery by URENCO of the SWU component of EUP.

Additionally, revenue is derived from the sales of services for handling uranic materials which is recognised at the time the service is provided.

Sale of goods
Revenue is derived from the sale of uranium that is owned by URENCO and occasionally from the sale of the uranium component of EUP. Revenue is recognised at the time legal title to the material is transferred under the terms of the contract with customers. This may be at physical delivery or transfer to a customer's book account held by a third party or with URENCO.

Interest Income
Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2. Significant accounting policies continued

Work performed by the entity and capitalised

Costs for project management during construction of enrichment and deconversion facilities are capitalised and credited to the income statement at cost. Cost includes direct materials and labour, plus attributable overheads. It is the Company's policy to capitalise the costs of facility construction and installing capacity. It also capitalises those costs directly associated with obtaining operating licences.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all risks and rewards of ownership of the asset have passed to the Group are capitalised in the statement of financial position and are depreciated over their useful lives. The capital elements of future obligations under finance leases and hire purchase are included as liabilities in the statement of financial position. The interest elements of the rental obligations are charged in the income statement over the periods of the finance leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rental payments under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The consolidated financial statements are presented in euros which is the Group's presentational currency. The items included in these consolidated financial statements relating to the Group companies are measured using their functional currency, that is the currency in the main environment in which they operate.

Transactions in currencies other than an entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. 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. Gains and losses arising on retranslation are included in other comprehensive income. The functional currencies across the Group are sterling, US dollar, and the euro.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see page 63 for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, the assets and liabilities of the Group's non-euro operations are translated into euros at exchange rates prevailing on the statement of financial position date. Income and expenditure items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. As most of the Group's transactions are in stable currencies, the use of average rates of exchange is appropriate. However, if exchange rates were subject to significant fluctuations, translation would be made using closing rates of exchange with appropriate explanation. Exchange differences arising are recognised as other comprehensive income and transferred to the Group's foreign currency translation reserves.

Retirement benefit costs

The Group operates a number of pension schemes in the UK, Germany, the Netherlands and the US. Some are defined benefit schemes (four in total) which, with the exception of Germany, are funded externally; and others are defined contribution schemes. No post-retirement benefits other than pensions are provided.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in defined contribution retirement benefit schemes.

For defined benefit retirement schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial assessments being carried out at each statement of financial position date. Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income in the period in which they occur.

Past service cost is immediately recognised in the income statement to the extent that the benefits are already vested. Otherwise it is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligations recognised in the statement of financial position represent the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. Net-interest expense or income is recognised within finance costs (see note 8).

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

2. Significant accounting policies continued

Taxation

The tax expense represents the sum of the tax currently payable on the Group's net income for the year and attributable deferred tax.

Current income tax
The tax currently payable is based on taxable income for the year. Taxable income differs from net income as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Current income tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income and not in the income statement.

Deferred income tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the statement of financial position liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax income nor the accounting income.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also recorded within other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Plant and machinery is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and impairment losses (if any). Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Decommissioning assets are also reported under plant and machinery and are measured at net present value of future decommissioning costs and revised for changes. Decommissioning assets are depreciated over 5 – 15 years.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and impairment losses.

Properties in the course of construction are carried at cost including directly attributable costs, less any recognised impairment loss. Borrowing costs for qualifying assets are capitalised in accordance with the Group's accounting policy. The borrowing costs capitalisation rate of assets under construction was 3.36% (2012: 3.50%). Depreciation of these assets commences when the assets are commissioned for use.

Office fixtures and fittings and computer equipment are stated at cost less accumulated depreciation and any recognised impairment.

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Buildings	12 - 40 years
Plant and machinery	3 – 15 years
Office fixtures and fittings	12 years
Motor vehicles	4 years
Computer equipment	3 – 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable.

2. Significant accounting policies continued

Investment property

The Group has elected the cost model to measure investment property, whilst information about the fair value is disclosed in note 13 about investment property.

Investment property, which is property held to earn rentals, is stated at cost, less accumulated depreciation and impairment losses (if any). Cost includes the purchase price and directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, excluding the costs of day-to-day servicing.

Depreciation is charged so as to write off the cost of the assets, other than the land element, over its estimated useful life of 10 years, using the straight-line method.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

The carrying amount of the investment property is reviewed for impairment when there is any indication that the carrying amount may not be recoverable.

Intangible assets

Research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development activities is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably; and
- there is adequate technical, financial and other resource available to complete the development.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Expenditure on development activities where the above criteria are not met is recognised as an expense in the period in which it is incurred.

Amortisation is charged so as to write off the cost or valuation of internally generated intangible assets, over their estimated useful lives, using the straight-line method.

The carrying value of capitalised development expenditure is reviewed for impairment annually before being brought into use.

Licence costs
Licences acquired are carried initially at cost. Licence costs are amortised on a straight-line basis over their useful lives.

Amortisation is charged so as to write off the cost or valuation of licence costs, over their estimated useful lives, using the straight-line method.

The licence in the US was granted in 2006 and is being amortised over the remaining licence period from the commencement of production in the US. The first amortisation took place in 2010 when UUSA started its production.

Software assets
Software and development costs associated with the Group's implementation of its ERP system (SAP 6.0) have been capitalised following "Go Live" of the system in November 2010.

Amortisation of these capitalised project costs takes place on a straight-line basis, based on a useful economic life of five years, with no residual value.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Waiver payment
The waiver payment is initially recognised at valuation, based on the estimated cash flow savings for not having to make future royalty payments by URENCO UK Limited associated with certain plant and equipment at the Capenhurst site. The consideration for this waiver payment will be settled by contracted storage services to be provided in future years by CNS. Amortisation on this waiver payment takes place on a straight-line basis over the estimated useful life of nine years.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

2. Significant accounting policies continued

Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less selling costs and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. For raw materials, work-in-progress and finished goods, costs comprise direct material costs and, where applicable, direct labour and production costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated predominantly by using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Spares and other equipment are valued on a FIFO basis.

Inventory borrowings

URENCO periodically borrows SWU or feed from third parties in order to optimise its operational efficiency and inventory position. The interest payments made by URENCO under loan agreements are recorded in the income statement under other expenses. These payments are recorded as "non-operational expense" and therefore do not form part of the direct costs that go into URENCO's valuation of own inventory production. During the term of the agreement URENCO recognises both an asset and liability on its statement of financial position, valued at the weighted average cost of SWU or feed, unless sales have been made from borrowings, in which case the liability is measured at market price. Any movements in the Group's weighted average cost does lead to revaluation of both asset and liability. At the end of the loan period URENCO returns the SWU or feed to the lender and URENCO has the intention to source this from its own production.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Financial instruments

Financial instruments are initially recognised at fair value. Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when either the rights to receive cash flows from those assets have expired or when the Group transfers its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset or (b) has transferred control of the asset. Financial liabilities are derecognised when the Group's obligations under the liability are discharged, or cancelled, or have expired.

Trade receivables

Trade receivables can carry interest in accordance with the contract conditions. Trade receivables are stated at their invoiced value as payments are invariably received within the contract terms. For these reasons, no provisions are deemed necessary.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2. Significant accounting policies continued

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at fair value.

After initial recognition, interest bearing loans and borrowings are subsequently remeasured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

Trade payables

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

Derivative financial instruments and hedging

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swaps to hedge these exposures. The Group does not use derivative financial instruments for trading purposes. All derivative instruments that are not designated in a hedge relationship, or do not qualify for hedge accounting purposes, are economic hedges for existing exposures.

Derivative financial instruments are initially recognised and subsequently remeasured at fair value. The fair value on initial recognition is the transaction price unless part of the consideration given or received is for something other than the instrument itself. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques or other appropriate pricing models. The chosen method is used consistently for similar types of instruments. All valuation techniques take into account assumptions based upon market data. The fair value of forward contracts is the present value of the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional foreign currency amount. Fair value of interest rate swaps is the net present value of all expected future cash flows based on current market rates taking due account of counterpart credit risk and own credit risk.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement. Such gains or losses are recorded in finance income or finance costs.

Financial assets and financial liabilities are disclosed on a gross basis. URENCO has ISDA agreements with some financial counterparties that give a right to net settlement under mutual agreement only. URENCO settles all financial assets and liabilities on a gross basis and intends to continue to do so.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship as follows:

Cash flow hedges
Changes in the fair value of derivative financial instruments that are designated and are effective as hedges of highly probably future cash flows are recognised directly in other comprehensive income and any ineffective portion is recognised immediately in the consolidated income statement. The ineffective portion is recorded in finance income or finance costs.

Amounts deferred in other comprehensive income are recognised in the consolidated income statement in the same period in which the hedged item affects net income or loss. These amounts are recorded in the same line of the income statement as the hedged item.

Fair value hedges
For an effective hedge of changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged and the gains and losses are taken to income or loss; the derivative is remeasured at fair value and gains and losses are taken to income or loss. Both the change in fair value of the hedged item and the value movement of the derivative are recorded in finance costs in the income statement.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in income and loss (in finance income or finance costs). On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in other comprehensive income is transferred to income or loss.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

2. Significant accounting policies continued

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle that obligation which can be assessed with reasonable certainty. Where the time value of money is material, provisions are discounted using pre-tax rates. Where discounting is used, the increase in the provision due to the passage of time is recognised within finance costs.

The enrichment process generates depleted uranium ("tails"). Provisions are made for all estimated costs for the eventual disposal of tails and are discounted to reflect the expected timing of expenditure in the future. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal.

The Directors intend to decommission plant and machinery used in the enrichment process as soon as practicably possible after it has shut down. To meet these eventual decommissioning costs, provisions are charged in the income statement for all plant and equipment in operation, at a rate considered to be adequate for the purpose. Once plant and equipment has been commissioned, the full discounted cost of decommissioning is recognised in the accounts as a provision. This is matched by capitalised decommissioning costs which are included in property, plant and equipment, under plant and machinery.

The Group's other provisions are for restructuring costs and refeeding of low assay feed. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions for refeeding low assay feed represent the cost to the Group of re-enriching low assay feed in the future, back to the assay of natural uranium.

3. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Sales of goods and services	**1,514.6**	1,601.4
Interest income	**38.3**	40.3
Total revenue	**1,552.9**	1,641.7

In 2013, €3.3 million of net losses (2012: net losses €23.9 million) relating to foreign currency hedging activities has been included in sales revenue (see note 24).

4. Segment information

The URENCO Group's principal activity is the provision of a service to enrich uranium to provide fuel for nuclear power utilities, by enriching uranium provided by our customers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Executive Directors. Operating segments have been identified based on the risk and returns of the Group's major operations. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than by the geographical location of these operations.

The Group's operating segments are as follows:

- for the enrichment business: the provision of enrichment and associated services for the nuclear power industry.
- for the greenfield site development business: the construction of the Tails Management Facility at the UK site.
- for construction of centrifuges: being ETC; the research, development, manufacture and installation of plant and equipment for the provision of enrichment services.
- other relates to Head Office and Capenhurst Nuclear Services Limited (CNS) which provides uranium handling services at the Capenhurst facility.

Segment performance is evaluated based on net income which is calculated on the same basis as income from operating activities in the consolidated financial statements. Finance costs and finance income are managed centrally and presented in the segment note accordingly.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

4. Segment information continued

Segment information for these businesses, based upon the accounting policies set out in note 2, is presented below:

Year ended 31 December 2013	Enrichment business €m	Greenfield site development €m	ETC €m	Other(i) €m	Consolidated €m
Revenue					
External sales	1,493.4	-	-	21.2	1,514.6
Total revenue	**1,493.4**	**-**	**-**	**21.2**	**1,514.6**
Result					
Income from operating activities	568.4	(22.2)	6.3	5.8	558.3
Finance income	-	-	-	38.3	38.3
Finance costs	-	-	-	(132.7)	(132.7)
Income before tax	568.4	(22.2)	6.3	(88.6)	463.9
Income tax	(133.1)	1.0	-	4.8	(127.3)
Net income for the year	**435.3**	**(21.2)**	**6.3**	**(83.8)**	**336.6**
Other information					
Depreciation and amortisation	**406.5**	**0.2**	**-**	**(9.9)**	**396.8**
EBITDA	**978.0**	**(22.0)**	**-**	**12.9**	**967.9**
Capital additions:					
Property, plant and equipment	**491.8**	**172.7**	**-**	**(10.4)**	**654.1**
Investment property	**5.7**	**-**	**-**	**-**	**5.7**
Intangible assets	**1.7**	**-**	**-**	**0.2**	**1.9**
Segment assets	**5,710.7**	**418.0**	**-**	**115.0**	**6,243.7**
Segment liabilities	**1,188.3**	**399.4**	**14.7**	**2,660.6**	**4,263.0**

(i) Other comprises the corporate Head Office, CNS and eliminations.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

4. Segment information continued

Year ended 31 December 2012 (restated[ii])	Enrichment business €m	Greenfield site development €m	ETC €m	Other[i] €m	Consolidated €m
Revenue					
External sales	1,599.9	-	-	1.5	1,601.4
Total revenue	1,599.9	-	-	1.5	1,601.4
Result					
Income from operating activities	652.8	8.1	(51.6)	6.7	616.0
Finance income	-	-	-	40.3	40.3
Finance costs	-	-	-	(122.6)	(122.6)
Income before tax	652.8	8.1	(51.6)	(75.6)	533.7
Income tax	(190.4)	(1.2)	-	57.7	(133.9)
Net income for the year	462.4	6.9	(51.6)	(17.9)	399.8
Other information					
Depreciation and amortisation	348.3	0.2	-	(10.2)	338.3
EBITDA	1,001.1	8.3	-	3.2	1,012.6
Capital additions:					
Property, plant and equipment	771.2	104.5		(26.4)	849.3
Intangible assets	10.0	-	-	1.0	11.0
Segment assets	5,542.5	262.7	-	69.0	5,874.2
Segment liabilities	1,690.4	237.2	21.1	2,035.5	3,984.2

[i] Other comprises the corporate Head Office, CNS and eliminations.

[ii] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

4. Segment information continued

Geographical information

The Group's operations are located in the UK, Germany, the Netherlands and the US.

The following tables present revenue by location by customer and certain asset information regarding the Group's geographical segments by location, irrespective of the origin of the goods/services and assets:

Year ended 31 December 2013	**UK €m**	**Rest of Europe €m**	**US €m**	**Rest of the World* €m**	**Consolidated €m**
Total external revenue	**79.2**	**560.0**	**677.2**	**198.2**	**1,514.6**
Location of non-current assets					
Property, plant and equipment	893.4	1,506.7	2,532.8	-	4,932.9
Investment property	5.8	-	-	-	5.8
Intangible assets	15.3	29.0	30.9	-	75.2

* predominantly Asia

Year ended 31 December 2012	**UK €m**	**Rest of Europe €m**	**US €m**	**Rest of the World* €m**	**Consolidated €m**
Total external revenue	55.6	663.6	657.6	224.6	1,601.4
Location of non-current assets					
Property, plant and equipment	768.0	1,627.4	2,380.2	-	4,775.6
Intangible assets	21.2	35.0	37.1	-	93.3

* predominantly Asia

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

5. Income from operating activities

Income from operating activities before tax and net finance costs has been arrived at after charging:

	Year ended 31/12/13 €m	Year ended 31/12/12 (restated[ii]) €m
Depreciation of property, plant and equipment (note 12)	**378.0**	315.7
Amortisation of intangible assets (note 14)	**18.8**	22.6
	396.8	338.3
Employee benefits expense (note 6)	**155.9**	158.8
Operating, general and administrative costs	**242.2**	222.0
Minimum lease payments under operating leases recognised in income for the year	**4.0**	3.8
Research and development costs	**9.9**	10.0
Net foreign exchange losses[i]	**5.6**	8.7
Other Expenses	**261.7**	244.5

(i) Derivatives not qualifying as effective hedges are reported in finance income and cost (see notes 7 and 8).
(ii) The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

An analysis of auditor's remuneration throughout the Group is provided below:

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Audit of Company	**0.1**	0.1
Audit of subsidiaries	**0.5**	0.4
Total audit fees	**0.6**	0.5
Audit related assurance services	**0.3**	0.1
Total assurance services	**0.9**	0.6
Tax compliance service	**-**	-
Tax advisory services	**0.2**	0.2
Services relating to taxation	**0.2**	0.2
Total other non-audit services	**-**	-
Total non-audit services	**0.2**	0.2
Total fees	**1.1**	0.8

Details of the Company's policy on the use of auditors for non-audit services and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee Report on page 42.

6. Employee benefits expense

The average monthly number of Group employees (including Executive Directors) was:

	Year ended 31/12/13 Number	Year ended 31/12/12 Number
Technical	1,177	1,123
Commercial	39	41
Administration	264	275
	1,480	1,439

Their aggregate remuneration comprised:

	Year ended 31/12/13 €m	Year ended 31/12/12 (restated[(i)]) €m
Wages and salaries	128.6	133.9
Social security costs	9.9	12.8
Pension costs	17.4	12.1
	155.9	158.8

[(i)] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

Directors' emoluments (see page 45):

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Emoluments	**2.1**	2.1
Amounts receivable under long-term incentive scheme	**0.1**	(0.1)
Company contributions paid to a defined benefit pension scheme	**0.2**	0.2
	Number	Number
Members of defined benefit pension schemes	**1**	1
Company contributions paid to a defined contribution pension scheme	**-**	-
Members of defined contribution schemes	**1**	1

In respect of the highest paid Director:

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Emoluments	**0.8**	0.8
Accrued pension at the end of the year	**0.2**	0.2

7. Finance income

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Interest on bank and other deposits	**0.1**	0.1
Income from non designated derivatives	**12.8**	14.9
Interest rate / cross currency interest rate swaps	**25.4**	25.3
	38.3	40.3

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

8. Finance costs

	Year ended 31/12/13 €m	Year ended 31/12/12 (restated[i]) €m
Interest on bank borrowings and other loans	**98.3**	98.9
Capitalised interest cost	**(22.7)**	(33.9)
Interest rate / cross currency interest rate swaps	**16.6**	18.3
Unwinding of discount on provisions	**29.0**	28.6
Net interest expense on defined benefit pension schemes	**2.9**	2.6
Surety bond	**1.9**	1.9
Charge to the income statement from non designated derivatives	**6.7**	6.2
	132.7	122.6

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

9. Income tax

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

Consolidated income statement	Year ended 31/12/13 €m	Year ended 31/12/12 (restated[i]) €m
Current income tax		
UK corporation tax	**30.3**	58.2
Foreign income tax	**101.1**	122.6
Adjustments in respect of prior periods	**(0.6)**	(2.2)
	130.8	178.6
Deferred income tax (see Deferred income tax analysis below)		
Origination and reversal of temporary differences	**(4.5)**	(42.7)
Adjustments in respect of prior periods	**(15.9)**	(1.8)
Movement in unrecognised deferred tax	**12.9**	-
Impact of change in tax rate for deferred tax	**4.0**	(0.2)
	(3.5)	(44.7)
Income tax expense reported in the consolidated income statement	**127.3**	133.9

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

Income tax related to items charged or credited directly to other comprehensive income	Year ended 31/12/13 €m	Year ended 31/12/12 (restated[i]) €m
Deferred tax		
Arising on financial instruments reported in equity	**16.1**	20.2
Arising on actuarial losses on defined benefit pension schemes	**1.1**	(5.4)
Arising on payments under the LES partnership agreement	**(0.1)**	-
Total deferred tax	**17.1**	14.8
Income tax (income) / expense reported in equity	**17.1**	14.8

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

9. Income tax continued

The charge for the year can be reconciled to the expense in the consolidated income statement as follows:

	€m	Year ended 31/12/13 %	€m	Year ended 31/12/12 (restated[i]) %
Income before tax	**463.9**		533.7	
Weighted at the average UK statutory income tax rate of 23.25% (2012: 24.50%)	**107.9**	**23.3**	130.8	24.5
Adjustments in respect of income tax of previous years	**(16.6)**	**(3.6)**	(4.0)	(0.8)
Tax effect of non-deductible expenses	**(0.9)**	**(0.2)**	(12.0)	(2.2)
Movement in unrecognised deferred tax	**12.9**	**2.8**	-	-
Effect of different foreign tax rates	**20.0**	**4.3**	19.3	3.6
Effect of rate changes on deferred tax	**4.0**	**0.8**	(0.2)	-
Income tax expense reported in consolidated income statement	**127.3**	**27.4**	133.9	25.1

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

Numerous reductions in the UK mainstream corporation tax rate have been announced and enacted over the past three years. A 2% point reduction in the UK corporation tax rate from 26% to 24% was enacted with effect from 1 April 2012, and a further 1% reduction to 23% with effect from 1 April 2013. Consequently, the average annual UK corporation tax rate for the year ended 31 December 2013 is 23.25% (2012: 24.50%).

Furthermore, on 2 July 2013, two further rate reductions were substantively enacted; firstly a reduction to 21% effective 1 April 2014 and secondly a reduction to 20% effective 1 April 2015. The effect of the two further tax rate reductions has been recognised in the deferred tax credit and non-current deferred tax liabilities held at year end.

The US State of New Mexico has enacted a phased reduction in the corporate income tax rate from the existing level of 7.6% to 5.9% by 2018. When taken together with US Federal tax, this will result in a reduction in the average tax rate on the Group's US enrichment operations from 39.94% to 38.84%. The effect of this 1.1% point reduction in the average tax rate resulted in a reduction in the Group's US net deferred tax asset which has been charged to the income statement.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

9. Income tax continued

Deferred income tax

Deferred income tax recognised at 31 December relates to the following:

	Consolidated statement of financial position		Consolidated income statement	
	31/12/13 €m	31/12/12 €m	**Year ended 31/12/13 €m**	Year ended 31/12/12 (restated[i]) €m
Deferred tax liabilities				
Accelerated depreciation for tax purposes	**(115.8)**	(131.0)	**12.1**	1.7
Relating to provisions	**32.4**	35.8	**1.2**	6.8
Relating to fair value movements on financial instruments	**(1.4)**	(4.6)	**2.4**	(1.5)
Other temporary differences	**(6.6)**	13.6	**(2.9)**	0.7
Relating to the prior year	**-**	-	**1.8**	4.2
Retirement benefit obligations	**10.5**	13.8	**(0.4)**	(0.4)
Effect of rate changes on deferred tax	**-**	-	**1.7**	0.3
Total deferred tax liabilities	**(80.9)**	(72.4)		
Deferred tax assets				
Retirement benefit obligations	**2.2**	2.2	**-**	(0.1)
Other temporary differences	**(6.9)**	(3.4)	**(10.6)**	14.9
Relating to start up costs	**84.7**	80.6	**(4.0)**	(13.2)
Tax losses carried forward	**250.4**	204.2	**54.1**	67.2
Relating to prior year	**-**	-	**14.1**	(2.4)
Relating to fair value movements on financial instruments	**7.6**	(2.4)	**6.9**	2.8
Relating to provisions	**42.9**	24.6	**17.4**	10.6
Accelerated depreciation for tax purposes	**(150.4)**	(76.1)	**(71.7)**	(46.8)
Effect of rate changes on deferred tax	**-**	-	**(5.7)**	(0.1)
Valuation allowance	**(13.0)**	-	**(12.9)**	-
Total deferred tax assets	**217.5**	229.7		
Deferred tax income			**3.5**	44.7

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

The recognition of the deferred tax assets set out above is based on the expectations of suitable taxable profits in the future. In the case of the Group's US enrichment plant, Louisiana Energy Services LLC, deferred tax assets of €151.5 million (2012: €175.0 million), relating to unused tax losses and start up costs, have been recognised based on the expectations of future taxable profits in the period 2014 to 2023. At 31 December 2013 unused tax losses with a tax value of €13.0 million (2012: €nil million) have not been recognised. To the extent unutilised, €3.1 million will expire in 2015, €4.7 million will expire in 2016 and the remaining €5.2 million will expire in 2017.

There are no income tax consequences for the URENCO Group attaching to the payment of dividends by URENCO Limited to its shareholders.

URENCO assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities. Inherent uncertainties exist in estimates of tax contingencies due to the complexities of interpretation and changes in tax laws. Whilst URENCO believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

10. Dividends paid and proposed

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Declared and paid during the year		
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended 31 December 2013 of nil cents per share (2012: 59.52 cents per share)	-	100.0
Final dividend for the year ended 31 December 2012 of 160.71 cents per share (2011: 53.57 cents per share)	**270.0**	90.0
	270.0	190.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2013 of 202.38 cents per share (2012: 160.71 cents per share)	**340.0**	270.0

The expected final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

11. Earnings per share

Earnings per share amounts are calculated by dividing net income attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The calculation of the basic earnings per share is based on the following data:

	Year ended 31/12/13	Year ended 31/12/12 (restated[i])
In millions of euros		
Earnings for the purposes of basic earnings per share being net income attributable to equity holders of the parent	**336.6**	399.8
In millions of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**168.0**	168.0
In euros		
Basic earnings per share	2.0	2.4

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

There has been no movement in the number of issued ordinary shares during the year (see note 21).

No information for diluted EPS is included as there are no other shares (of any class or category) in issue and hence no dilutive impact.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

12. Property, plant and equipment

2013	Freehold land and buildings €m	Plant and machinery €m	Fixtures and fittings €m	Motor vehicles €m	Assets under construction €m	Total €m
Cost as at 1 January 2013	1,327.8	5,147.2	91.9	13.2	753.0	7,333.1
Additions	18.9	209.6	5.0	0.3	420.3	654.1
Transfers (see note 14)	213.5	286.5	3.2	-	(503.8)	(0.6)
Disposals	-	-	-	(0.1)	-	(0.1)
Written off	-	(2.5)	-	-	-	(2.5)
Exchange adjustments	(41.7)	(90.6)	(1.0)	(0.1)	(14.2)	(147.6)
Cost as at 31 December 2013	**1,518.5**	**5,550.2**	**99.1**	**13.3**	**655.3**	**7,836.4**
Depreciation as at 1 January 2013	232.7	2,269.1	47.2	8.5	-	2,557.5
Charge for the year	48.8	313.3	14.2	1.7	-	378.0
Disposals	-	-	-	(0.1)	-	(0.1)
Written off	-	(2.5)	-	-	-	(2.5)
Exchange adjustments	(3.5)	(25.2)	(0.7)	-	-	(29.4)
Depreciation as at 31 December 2013	**278.0**	**2,554.7**	**60.7**	**10.1**	**-**	**2,903.5**
Carrying amount as at 1 January 2013	**1,095.1**	**2,878.1**	**44.7**	**4.7**	**753.0**	**4,775.6**
Carrying amount as at 31 December 2013	**1,240.5**	**2,995.5**	**38.4**	**3.2**	**655.3**	**4,932.9**

All land, buildings and other tangible fixed assets are carried at historical cost less accumulated depreciation.

The category of fixtures and fittings comprises office fixtures and fittings and computer equipment.

Fixtures and fittings held under finance leases had a net book value at 31 December 2013 of €0.1 million (2012: €0.2 million).

At 31 December 2013, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €405.2 million (2012: €316.9 million) principally in relation to cascades, equipment and buildings.

Included in plant and machinery are the following amounts relating to capitalised decommissioning costs:

	2013 €m	2012 €m
Cost at 31 December	**237.9**	224.1
Depreciation at 31 December	**(126.0)**	(110.5)
Carrying amount at 31 December	**111.9**	113.6

Included in property, plant and equipment are the following amounts relating to capitalised interest costs:

	2013 €m	2012 €m
Cost at 31 December	**221.2**	228.7
Depreciation at 31 December	**(35.3)**	(24.3)
Carrying amount at 31 December	**185.9**	204.4

12. Property, plant and equipment continued

2012	Freehold land and buildings €m	Plant and machinery €m	Fixtures and fittings €m	Motor vehicles €m	Assets under construction €m	Total €m
Cost as at 1 January 2012	884.8	4,207.8	79.6	8.7	1,336.7	6,517.6
Additions	40.4	476.1	14.7	0.9	317.2	849.3
Transfers (see note 14)	417.4	451.8	2.1	4.0	(885.8)	(10.5)
Disposals	(4.3)	(0.2)	(4.2)	(0.4)	-	(9.1)
Written off	(0.3)	(3.9)	(0.3)	-	-	(4.5)
Exchange adjustments	(10.2)	15.6	-	-	(15.1)	(9.7)
Cost as at 31 December 2012	**1,327.8**	**5,147.2**	**91.9**	**13.2**	**753.0**	**7,333.1**
Depreciation as at 1 January 2012	196.3	1,993.2	36.4	6.4	-	2,232.3
Charge for the year	38.9	261.2	14.0	1.6	-	315.7
Disposals	(2.3)	(0.2)	(3.0)	(0.3)	-	(5.8)
Written off	(0.4)	(3.8)	(0.3)	-	-	(4.5)
Exchange adjustments	0.2	18.7	0.1	0.8	-	19.8
Depreciation as at 31 December 2012	**232.7**	**2,269.1**	**47.2**	**8.5**	**-**	**2,557.5**
Carrying amount as at 1 January 2012	**688.5**	**2,214.6**	**43.2**	**2.3**	**1,336.7**	**4,285.3**
Carrying amount as at 31 December 2012	**1,095.1**	**2,878.1**	**44.7**	**4.7**	**753.0**	**4,775.6**

13. Investment property

2013	Total €m
Cost as at 1 January 2013	-
Additions	5.7
Exchange adjustments	0.1
Cost as at 31 December 2013	**5.8**
Depreciation as at 1 January 2013	-
Charge for the year	-
Exchange adjustments	**-**
Depreciation as at 31 December 2013	-
Carrying amount as at 1 January 2013	-
Carrying amount as at 31 December 2013	**5.8**

The investment property relates to land and buildings acquired by URENCO UK Limited in December 2013. The cost includes the purchase price of €5.4 million and direct attributable costs of €0.3 million. The fair value at 31 December 2013 was €5.7 million.

Given that the acquisition date was in December 2013 no depreciation was recognised during the year.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to €nil million (2012: €nil million). Direct operating expenses arising on the investment property amounted to €nil million (2012: €nil million).

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14. Intangible assets

2013	Licence costs €m	Software assets €m	Waiver payments €m	Total €m
Cost as at 1 January 2013	58.0	75.6	6.8	140.4
Additions	0.6	1.3	-	1.9
Written off	-	(0.1)	-	(0.1)
Transfers (see note 12)	-	0.6	-	0.6
Exchange adjustments	(1.0)	(1.6)	(0.2)	(2.8)
Cost as at 31 December 2013	**57.6**	**75.8**	**6.6**	**140.0**
Amortisation as at 1 January 2013	11.2	35.1	0.8	47.1
Charge for the year	3.2	14.8	0.8	18.8
Written off	-	(0.1)	-	(0.1)
Exchange adjustments	(0.1)	(0.8)	(0.1)	(1.0)
Amortisation as at 31 December 2013	**14.3**	**49.0**	**1.5**	**64.8**
Carrying amount as at 1 January 2013	**46.8**	**40.5**	**6.0**	**93.3**
Carrying amount as at 31 December 2013	**43.3**	**26.8**	**5.1**	**75.2**

The licence costs relate to the costs of obtaining a licence in the US. The licence was granted to LES in 2006 for a 30 year term. The costs are being amortised on a straight-line basis over the remaining licence period from the date of the commencement of production in the US. The US enrichment plant commenced commercial operations in June 2010 having received the necessary approvals from the US Nuclear Regulatory Commission. The transfers in 2013 and 2012 relate to a reclassification from property, plant and equipment of other software assets.

Software and development costs associated with the Group's implementation of its ERP system (SAP 6.0) have been capitalised. Amortisation of these capitalised project costs takes place on a straight-line basis, based on a useful economic life of five years, with no residual value.

From 2012 a waiver payment was recognised during the year as an intangible asset. This waiver payment represents the right for URENCO UK Limited to continue to use certain plant and equipment at the Capenhurst site without future royalty payments to be made. The consideration for this waiver payment will be settled by contracted storage services to be provided in future years by CNS. This consideration is included in deferred income.

Included in Intangible assets are the following amounts relating to capitalised interest costs:

	2013 €m	2012 €m
Cost at 31 December	**1.0**	1.0
Depreciation at 31 December	**(0.6)**	(0.4)
Carrying amount at 31 December	**0.4**	0.6

2012	Licence costs €m	Other software assets €m	Waiver payments €m	Total €m
Cost as at 1 January 2012	53.1	66.8	-	119.9
Additions	2.1	2.0	6.9	11.0
Written off	-	(0.2)	-	(0.2)
Transfers (see note 12)	3.3	7.2	-	10.5
Exchange adjustments	(0.5)	(0.2)	(0.1)	(0.8)
Cost as at 31 December 2012	**58.0**	**75.6**	**6.8**	**140.4**
Amortisation as at 1 January 2012	7.9	16.8	-	24.7
Charge for the year	3.1	18.7	0.8	22.6
Written off	-	(0.2)	-	(0.2)
Transfers (see note 12)	-	-	-	-
Exchange adjustments	0.2	(0.2)	-	-
Amortisation as at 31 December 2012	**11.2**	**35.1**	**0.8**	**47.1**
Carrying amount as at 1 January 2012	**45.2**	**50.0**	**-**	**95.2**
Carrying amount as at 31 December 2012	**46.8**	**40.5**	**6.0**	**93.3**

15. Investments

Investments in joint venture

The Group has a 50% interest in Enrichment Technology Company Limited (ETC), a joint arrangement whose principal activity is in the research, development, manufacture and installation of plant and equipment for the provision of enrichment services. At 1 January 2006, URENCO Deutschland GmbH owned a controlling interest of 28.3% of the shares in ETC and the balance of the shares were held in equal measures by the three shareholders of URENCO Limited. As ETC was controlled by URENCO, ETC was fully consolidated by the Group, with appropriate balances shown relating to the minority interest. The joint venture was formed on 1 July 2006, the date on which URENCO's shareholders disposed of 50% of the shares in ETC to a third party, Areva. The remaining 21.7% of the shares was contributed to URENCO, as additional paid in capital, bringing URENCO's holding to 50%. The Group accounts for its interest in ETC using the equity accounting method (see note 2).

The share of the assets, liabilities and expenses of the joint arrangement at 31 December were:

	2013 €m	2012 €m
Share of the joint venture balance sheet		
Non-current assets	**28.8**	37.1
Current assets	**158.1**	209.7
Share of gross assets	**186.9**	246.8
Non-current liabilities	**(26.7)**	(34.8)
Current liabilities	**(174.9)**	(233.1)
Share of gross liabilities	**(201.6)**	(267.9)
	(14.7)	(21.1)
Unrecognised share of net liabilities of joint venture	**14.7**	21.1
Group's share of net assets	**-**	-

	For the year to 31/12/13 €m	For the year to 31/12/12 (restated[i]) €m
Share of joint venture results		
Total revenue	**380.8**	433.9
Group's share of (loss)/profit for the year	**6.3**	(51.6)
Consolidation adjustments	**(19.1)**	(6.7)
Share of results of joint venture	**(12.8)**	(58.3)

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

During 2012, the Group's share of net losses in ETC of €58.3 million was driven by an impairment loss on ETC's manufacturing assets. This impairment loss predominantly reflected lower estimated future net cash inflows reflecting the planned downsizing of ETC's operations and workforce.

On consolidation, the Group makes the necessary adjustments to the joint venture results to ensure that income from direct transactions with the joint venture is not recognised. The consolidation adjustments also eliminate an unrecognised share of the loss of the joint venture of €14.7 million (2012: €21.1 million) reflecting that the Group discontinued recognising its share of further losses and its share of net liabilities after the Company's interest in the joint venture was reduced to nil.

Other investments

The Group invested in a 10% share in Twente Technology Fund (TTF). TTF is an innovative venture capital fund. The fund invests in promising young and starting high tech corporations in the Twente area in the Netherlands. URENCO has invested €0.5 million in the fund.

16. Subsidiaries

A list of the Company's significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 7 to the Company's separate financial statements.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

17. Financial assets

	31/12/13 €m	31/12/12 €m
Restricted cash	**6.1**	4.7

Restricted cash primarily represents two items:

- An amount which is held in an Escrow account for an agreement for relocation of a pipeline dated August 2006. The Escrow agreement terminates on the earlier of the 50th anniversary of or receipt by the Escrow Agent of written notice of termination executed by Trinity Pipeline, L.P. and LES.
- A money market account. The money market account is an account for the purpose of an employee contractual commitment.

18. Inventories

	31/12/13 €m	31/12/12 €m
Raw materials	**15.4**	22.0
Work-in-progress	**335.3**	157.2
Finished goods	**2.5**	2.7
	353.2	181.9

Work-in-progress comprises costs associated with the delivery of enrichment contracts where the SWU element of enriched uranium has not been allocated to the customer. The increase in work-in-progress from €157.2 million in 2012 to €335.3 million in 2013 is due to Enrichment activity during the year being in excess of SWU deliveries.

19. Trade and other receivables (current)

	31/12/13 €m	31/12/12 €m
Trade receivables	**324.0**	221.7
Trade receivables due from related parties (see note 32)	**0.7**	0.1
Other receivables	**36.4**	23.8
Prepayments	**101.2**	157.6
Accrued income	**0.1**	0.1
	462.4	403.3

The average contractual credit period taken on sales of goods and services is 39 days (2012: 30 days). Trade receivables can carry interest in accordance with contract conditions. However, trade receivables are stated at their invoiced value as payments are usually received within the contract terms. For this reason, no provisions are deemed necessary for invoices not being paid in full. The average age of these trade receivables is 14 days (2012: 24 days).

The increase in Trade receivables is a result of our December sales level being higher than the prior year.

For terms and conditions relating to related party receivables, refer to note 32 on page 97.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

At the year end none of the trade receivables were past their due date and none were considered to be impaired. Out of the carrying amount of the total of trade receivables, 18% was against three customers with an external credit rating of A+ (S&P), 3% against two customers with an external credit ratings of A-, 8% against one customer with an external credit rating of BBB+, 21% against one customer with external credit rating of BBB- and 25% against five customers with an internal credit rating of BBB-. Of the amounts due at 31 December 2013 90% were collected by 5 February 2014. The remaining balance does not fall due until April 2014.

Prepayments and accrued income contains prepayments relating to payments to ETC in advance of contracted cascade deliveries, which will be supplied in future periods. This amounts to €43.5 million (2012: €87.5 million).

20. Cash and cash equivalents

	31/12/13 €m	31/12/12 €m
Cash at bank and in hand	**90.2**	95.7
	90.2	95.7

Cash at bank earns interest at floating rates based on money market deposits at call or within three months.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Of the €90.2 million cash and cash equivalents, €5.0 million was held in a short term deposit account newly established in 2013 to meet long-term deconversion and decommissioning liabilities.

21. Share capital and reserves

	31/12/13 €m	31/12/12 €m
Authorised:		
240 million ordinary shares of £1 each		
'A' ordinary	**113.0**	113.0
'B' ordinary	**113.0**	113.0
'C' ordinary	**113.0**	113.0
	339.0	339.0
Issued and fully paid:		
168 million ordinary shares of £1 each		
'A' ordinary	**79.1**	79.1
'B' ordinary	**79.1**	79.1
'C' ordinary	**79.1**	79.1
	237.3	237.3

The 'A', 'B' and 'C' ordinary shares have identical rights.

The reserves outlined in the consolidated statement of changes in equity are as follows:

Additional paid in capital
This represents the 21.7% shares given to URENCO Limited by its shareholders as additional paid in capital bringing the URENCO holding in ETC to 50% in 2006.

Hedging reserve
The hedging reserve is a separate component of equity used to record changes in the fair values of cash flow hedging instruments and net investment hedging instruments in accordance with the Group's accounting policy.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of certain foreign subsidiaries and the parent entity.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

22. Deferred income

Deferred income relates to payments received in advance for contracted enrichment or storage services, which will be supplied in future periods.

	2013 €m	2012 €m
As at 1 January	**50.3**	9.6
Movement during the year	**(10.2)**	40.9
Exchange difference	**(0.7)**	(0.2)
As at 31 December	**39.4**	50.3
Included in current liabilities	**1.6**	12.4
Included in non-current liabilities	**37.8**	37.9
	39.4	50.3

The movement during the year was mainly due to the deliveries made under a contract which had been prepaid by the customer at the end of 2012. No such prepayments existed at the end of 2013. The balance at year-end substantially relates to deferred income for contracted storage services to be provided by CNS in future years for which the consideration was received in advance, predominantly in the form of land and a waiver of royalty payments. This deferred income was initially determined as the present value of estimated future storage fees for a fixed volume of uranic material. Revenue recognition takes place during the years these storage services will be provided. The unwinding of the discount on the deferred income is recorded as finance costs.

23. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise bank loans, private and publicly traded debt and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations. All financial instruments, including derivatives, are unsecured. No collateral is pledged or received in respect of the Group's financial instruments.

The Group's derivative transactions are principally forward currency contracts, interest rate swaps and cross-currency swaps. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is the Group's policy that no speculative trading in financial instruments shall be undertaken.

The Group is exposed to credit risk, interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.

Credit risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables and derivative financial instruments, which represent the Group's maximum exposure totalling €551.3 million (2012: €431.3 million).

The Group trades with creditworthy third parties, who are mainly other participants in the nuclear fuel supply chain. It is the Group's policy that all customers wishing to trade on credit are subject to an internal approval process based on a system of credit scoring similar to that used by external rating agencies. Customers are assigned credit limits based on this credit score and their credit balances are monitored and managed against these limits on a monthly basis. Historically, there has been no payment default by any counterparty trading with the Group under this procedure.

With respect to credit risk arising from other financial assets of the Group, comprising cash and cash equivalents and certain financial derivative instruments, the Group's credit risk is the risk of default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Counterparties for these assets are banks with investment-grade credit ratings assigned by international credit-rating agencies and limits are set depending on the credit rating of the counterparty.

The Group has not pledged and does not hold collateral over any balances.

Interest rate risk

Some of the Group's borrowings are exposed to the risk of changes in market interest rates, which relates primarily to the Group's long-term debt obligations with floating interest rates.

In order to manage its interest costs, the Group's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest. Given the current low level of interest rates, the Board have approved the Group to exceed the 60% limit. To manage this the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between the fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge the underlying debt obligations. At 31 December 2013, after taking into account the effect of interest rate swaps, 63% of the Group's borrowings are at a fixed rate of interest (2012: 68%).

23. Financial risk management objectives and policies continued

Interest rate sensitivity analysis

In respect of non-derivative financial instruments with fixed interest rates, changes in market interest rates will only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7.

Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of income-related sensitivities.

In the case of fair value hedges designated for hedging interest rate risks, the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements balance out almost completely in the income statement in the same period. As a consequence, these financial instruments are also not exposed to interest rate risk.

The following demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings). There is an equal and opposite effect on the Group's equity.

If market interest rates had been 100 basis points higher/(lower) at 31 December 2013, income would have been €9.9 million (lower)/ higher (31 December 2012: €8.3 million (lower)/higher).

Foreign currency risk

Currency risk as defined by IFRS 7 is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures as a result of approximately 57% (2012: 51%) of its revenues being denominated in US dollars, whilst currently only approximately 38% (2012: 23%) of its costs are US dollar-based.

The Group also has transactional currency exposures as a result of approximately 26% (2012: 25%) of Group costs being denominated in sterling, whilst revenue is mainly in euro and dollar.

In order to mitigate these exposures, the Group's policy is to hedge its net contracted US dollar and sterling exposures (i.e. cash revenues less cash operating costs) using forward currency contracts and related derivative financial instruments. The Group's policy is to hedge forward its net contracted US dollar and GBP exposures to a minimum of 90% in year one, 80% in year two, 60% in year three, 40% in year four and a minimum of 20% in year five.

Foreign currency sensitivity analysis

The following sensitivity analysis addresses the effect of currency risks on the Group's financial instruments:

- A number of Group loans are denominated in US dollars and are designated as, and are effective hedges, of the Group's investments in US dollars denominated assets. Any gains/losses arising on the retranslation of these US dollar loans are recorded directly to other comprehensive income and would be offset in equity by a corresponding loss/gain arising on the retranslation of the related hedged foreign currency net asset.
- The Group is exposed to currency risks from currency forward contracts, the majority of which are against the dollar. These are currency derivatives that are part of an effective cash flow hedge for currency fluctuations resulting from exchange rate movements in accordance with IAS 39. Exchange rate fluctuations of the currencies on which these transactions are based affect the hedging reserve in shareholders' equity and the fair value of these hedging transactions. Any ineffectiveness or ineffective hedges affect the income statement.

The following table demonstrates the sensitivity to changes in sterling and euro against the dollar:

	Change in £ / US$ rate	Effect on income before tax €m	Effect on equity €m	Change in € / US$ rate	Effect on income before tax €m	Effect on equity €m
2013	**+10%**	**5.3**	**37.0**	**+10%**	**18.3**	**82.7**
	-10%	**(6.4)**	**(45.2)**	**-10%**	**(22.1)**	**(101.0)**
2012	+10%	17.3	37.9	+10%	19.1	115.2
	-10%	(21.1)	(46.3)	-10%	(23.3)	(140.8)

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

23. Financial risk management objectives and policies continued

Liquidity risk

The Group plans its funding operations and monitors the risk of a shortage of funds on a monthly basis, using a forward planning model that considers the maturity of existing borrowings, projected capital expenditure and projected cash flows from operations.

The Group manages liquidity risk through a combination of additional external borrowings, managing the Group's capital expenditure through delaying or reducing the capital spend, and general overhead cost control.

The Group seeks to achieve flexibility and continuity of funding through the active use of a range of different instruments, markets and currencies. External debt funding is sought over a range of different tenors in order to avoid a concentration of maturities. At 31 December 2013, 12% of the Group's interest bearing loans and borrowings will mature in less than one year (2012: 5%).

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

2013	Less than 3 months €m	3-12 months €m	1-5 years €m	> 5 years €m	Total €m
Interest bearing loans and borrowings	**240.7**	**136.7**	**2,072.7**	**424.3**	**2,874.4**
Trade and other payables	**253.7**	**-**	**133.2**	**-**	**386.9**
Interest rate/cross currency swaps – net payment/(receipt)	**0.9**	**(9.7)**	**38.3**	**177.2**	**206.7**
Foreign exchange contracts	**(3.1)**	**(11.5)**	**(45.9)**	**-**	**(60.5)**
Other financial liabilities	**-**	**6.5**	**47.4**	**91.9**	**145.8**
	492.2	**122.0**	**2,245.7**	**693.4**	**3,553.3**

2012	Less than 3 months €m	3-12 months €m	1-5 years €m	> 5 years €m	Total €m
Interest bearing loans and borrowings	169.6	96.2	1,893.8	659.1	2,818.7
Trade and other payables	208.8	-	52.3	-	261.1
Interest rate/cross currency swaps – net payment/(receipt)	1.0	(9.1)	34.7	162.9	189.5
Foreign exchange contracts	-	(6.2)	(0.4)	-	(6.6)
Other financial liabilities	-	17.6	48.6	96.9	163.1
	379.4	98.5	2,029.0	918.9	3,425.8

23. Financial risk management objectives and policies continued

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong investment-grade credit rating and healthy capital ratios in order to support the long-term success of the business and to maintain an appropriate level of shareholder returns.

Within the context of an investment-grade credit rating, the Group manages its capital structure in response to economic conditions and its own business objectives and capital investment plans. The principal means of adjusting the Group's capital structure is through changes in the proportion of cash reinvested in the business or returned to shareholders.

The Group monitors its capital structure through the use of financial ratios, principally those of Net debt to total assets and Funds from operations to Total adjusted debt (FFO/TAD). The Group targets an FFO/TAD ratio that results in a strong investment grade credit rating. The Group targets a long-term ratio of less than 60% for Net debt to Total assets, which the Group defines as Interest bearing loans and borrowings (current and non-current) less Cash and cash equivalents divided by Total assets.

Funds from operations comprises operating cash flow before working capital changes. Total adjusted debt comprises Net debt plus Tails and decommissioning provisions and Retirement benefit obligations.

	2013 €m	2012 €m
Net debt	**2,574.6**	2,469.4
Total assets	**6,243.7**	5,874.2
Net debt to Total assets	**41.2%**	42.0%

	2013 €m	2012 €m
Operating cash flows before movements in working capital	**1,035.0**	1,086.4
Less:		
Tax paid	**(135.7)**	(182.1)
Interest paid (net)	**(89.2)**	(90.5)
Plus:		
Operating lease depreciation	**3.9**	3.2
Provisions adjustment less deferred tax	**(114.6)**	(114.4)
Pension normalisation	**3.0**	3.0
Funds from operations (FFO)	**702.4**	705.6
Interest bearing loans and borrowings – current	**356.1**	120.8
Interest bearing loans and borrowings – non-current	**2,308.7**	2,444.2
Total debt	**2,664.8**	2,565.0
Operating lease adjustment	**103.8**	107.8
Tails and decommissioning provisions	**860.9**	750.2
Deferred tax asset on provisions	**(74.7)**	(60.4)
Pensions deficit net of deferred tax	**44.6**	62.8
	3,599.4	3,425.4
Cash	**(90.2)**	(95.7)
Swaps	**(7.1)**	(2.0)
Total adjusted debt (TAD)	**3,502.1**	3,327.7
Ratio of FFO/TAD	**20.1%**	21.2%

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

24. Other financial assets and financial liabilities

Interest bearing loans and borrowings

At 31 December	Effective interest rate %	Maturity	2013 €m	2012 €m
Current				
Bank overdrafts:			**-**	-
Other loans:				
$500 million Commercial Paper Programme			**305.5**	37.9
€650 million multicurrency revolving facility	Floating	3 Jan 13	**-**	75.8
€100 million European Investment Bank financing facility	4.772%	17 Oct 24	**7.1**	7.1
€100 million European Investment Bank financing facility	3.34%	28 Oct 27	**7.1**	-
$50 million series A Senior notes	5.82%	30 Jun 14	**36.4**	-
			356.1	120.8
Non-current				
Other loans:				
$50 million series A Senior notes	5.82%	30 Jun 14	**-**	37.9
€500 million Eurobond (part)	2.68%	22 May 15	**109.1**	112.1
€500 million Eurobond (part)	Floating	22 May 15	**109.7**	114.6
€500 million Eurobond (part)	3.15%	22 May 15	**103.2**	105.4
€500 million Eurobond (part)	Floating	22 May 15	**212.7**	221.2
$200 million Term Loan Agreement	Floating	4 Dec 15	**145.4**	151.5
$50 million series A Senior notes	5.51%	12 Dec 15	**36.4**	37.9
€25 million Eurobond	Floating	17 Dec 15	**26.0**	26.6
€50 million Eurobond	3.34%	17 Dec 15	**50.0**	50.0
$100 million series B Senior notes	6.47%	30 Jun 16	**72.8**	75.8
$100 million series B Senior notes	5.56%	12 Dec 16	**72.8**	75.8
€500 million Eurobond	4.00%	05 May 17	**500.0**	500.0
$100 million Senior notes	5.50%	11 May 17	**72.8**	75.8
€100 million Term facility agreement (inflation linked)	2.88% + inflation	7 Dec 17	**111.7**	110.8
€100 million European Investment Bank financing facility	4.439%	23 Mar 18	**100.0**	100.0
$50 million series C Senior notes	5.66%	12 Dec 18	**36.4**	37.9
$132.2 million European Investment Bank financing facility	3.30%	29 Mar 23	**96.2**	100.2
$99 million European Investment Bank financing facility	3.15%	22 May 23	**72.1**	75.0
€100 million European Investment Bank financing facility	4.772%	17 Oct 24	**71.3**	78.6
€100 million European Investment Bank financing facility	3.34%	28 Oct 27	**92.9**	100.0
$108.6 million European Investment Bank financing facility	Floating	29 Jun 28	**79.0**	82.3
Yen 20 billion Loan Agreement	6.24%	28 April 38	**138.2**	174.8
			2,308.7	2,444.2
			2,664.8	2,565.0

As at 31 December 2013, after taking into account the effect of interest rate swaps, 63% of the Group's borrowings are at a fixed rate of interest (2012: 68%).

Amounts recognised in the income statement due to effective interest rate calculations are interest expense of €98.3 million (2012: €98.9 million) and interest income of €0.1 million (2012: €0.1 million).

In the first half of February 2014, we issued a 7 year €750 million bond. At the same time we announced a tender offer which resulted in a repurchase of €170 million of our €500 million bond due in May 2015.

24. Other financial assets and financial liabilities continued

Hedging activities and derivatives

Cash flow hedges

Foreign currency risk
The Group has transactional currency exposures, arising mainly from sales denominated in US dollars. US dollar costs are first utilised as natural hedges to offset contracted US dollar sales in the same period and forward sales or option products are entered into to cover the remaining exposures relating to identified US dollar and euro denominated sales. Hedges are taken out to match the amount and date of the revenues being hedged, in order to maximise hedge effectiveness.

At 31 December 2013, the total notional amounts of outstanding US dollar forward exchange contracts, into euros and sterling, are US $2,023.8 million (2012: US $2,739.8 million). The total notional amounts of outstanding forward euro foreign exchange contracts into sterling are €241.4 million (2012: €253.6 million).

Gross cash outflows from the transactions to which foreign currency hedging instruments relate are detailed in the table below:

	2013		2012	
	USD $m	EUR €m	USD $m	EUR €m
2013	**-**	**-**	972.1	93.4
2014	**700.1**	**93.1**	630.1	93.1
2015	**712.7**	**39.3**	551.7	39.4
2016	**391.0**	**56.4**	375.9	27.7
2017	**220.0**	**52.6**	210.0	-
2018	**-**	**-**	-	-
	2,023.8	**241.4**	2,739.8	253.6

The Group held 96 forward exchange contracts designated as hedges of expected US dollar sales and 15 of expected euro sales to customers throughout the world. The total contract value of US dollars sold for sterling is US $601.9 million with an average rate of US $1.5842 per £1 and the total contract value of US dollars sold for euros is US $1,421.9 million with an average rate of US $1.3264 per €1. The total contract value of euros sold for sterling is €241.4 million with an average rate of €0.8687 per £1.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to €50.7 million (2012: €12.5 million) has been deferred in other comprehensive income. This movement of €38.2 million is due to exchange differences on the opening balance of €0.3 million, mark to market movements of €41.2 million and €3.3 million recycled from equity and transferred to revenue from sales of goods and services.

There was a net loss in respect of currency derivative contracts in effective hedging relationships maturing during 2013 of €(3.3) million (2012: loss of €(23.9) million).

Net changes in the fair value of ineffective non-designated derivatives recognised in the income statement was a gain of €6.1 million (2012: gain of €8.7 million), and included in finance income / expenses.

Fair value hedges

The Group uses interest rate swaps and cross currency interest rate swaps to manage its exposure to interest rate movements on its borrowings and also to effectively hedge its net investments in foreign subsidiaries. The interest rate swaps convert fixed rate debt into floating rate debt in the same currency and the cross currency interest rate swaps convert fixed rate debt in one currency into fixed and floating rate debt in another currency. Contracts with nominal values of €922.3 million at 31 December 2013 (2012: €928.1 million) have fixed interest receipts at a current average rate of 5.26% (2012: 5.25%) for periods up until 2038 (2012: to 2038) and fixed interest payments at 4.21% (2012: 4.24%); floating interest payments at an average margin of 0.71% (2012: 0.71%) plus LIBOR or EURIBOR. Contracts with a nominal value of €205.0 million at 31 December 2013 (2012: €205.0 million) have fixed interest payments at an average rate of 2.91% for periods up until 2015 and have floating interest receipts at an average margin of 0.38% (2012: 0.39%).

The fair value of swaps outstanding at 31 December 2013 is estimated at €7.1 million asset (combined currency and interest rate swaps) (2012: €2.0 million asset). These amounts are based on current market rates versus URENCO actual rates at the statement of financial position date.

Swaps with a fair value amounting to €3.0 million are designated and effective as fair value, net investment or cash flow hedges and the fair value thereof has been reflected in the hedging reserve or in the consolidated income statement together with the change in fair value of the underlying debt instrument.

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For the year ended 31 December 2013

24. Other financial assets and financial liabilities continued

Hedge of net investments in foreign operations
Included in loans at 31 December 2013 were (after-swap) borrowings of US $1,587.1 million (2012: US $1,587.1 million) which have been designated as hedges of the net investment in the US subsidiary, URENCO Investments Inc. In addition, borrowings of €484.7 million (2012: €279.7 million) have been designated as hedges of the net investment in the European sites. These borrowings are being used to hedge the Group's exposure to foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiary.

Fair values
Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements:

	Book value 2013 €m	Fair value 2013 €m	Book value 2012 €m	Fair value 2012 €m
Financial assets				
Trade and other receivables	**462.4**	**462.4**	403.3	403.3
Other financial assets				
Forward foreign exchange contracts – hedged	**65.2**	**65.2**	47.4	47.4
Forward foreign exchange contracts – non-hedged	**1.7**	**1.7**	1.2	1.2
Interest rate/cross currency swaps	**33.0**	**33.0**	41.4	41.4
Cash and short-term deposits	**90.2**	**90.2**	95.7	95.7
Total	**652.5**	**652.5**	589.0	589.0
Financial liabilities				
Interest bearing loans and borrowings				
Floating rate borrowings	**987.5**	**982.0**	458.3	477.2
Fixed rate borrowings	**1,677.3**	**1,730.3**	2,051.7	2,219.3
Obligations under finance leases	**-**	**-**	0.1	0.1
Trade and other payables	**386.9**	**386.9**	261.1	261.1
Derivative financial liabilities at fair value through profit or loss				
Derivatives in designated hedges	**4.4**	**4.4**	30.9	30.9
Forward foreign exchange contracts	**-**	**-**	1.7	1.7
Interest rate/cross currency swaps	**30.3**	**30.3**	39.4	39.4
Total	**3,086.4**	**3,133.9**	2,843.2	3,029.7

Market values have been used to determine the fair value of the Group's listed Eurobond based on the published price and of derivative financial instruments, based on valuations calculated using Bloomberg forward foreign exchange and discount rates. The fair values of all other items have been calculated by discounting the future cash flows at prevailing interest rates.

The recognised financial instruments are not subject to an enforceable master netting arrangement or similar agreement. Hence the financial assets and financial liabilities reported in the table above are disclosed on a gross basis rather than being offset.

24. Other financial assets and financial liabilities continued

Fair value disclosures
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Derivative financial instruments are initially recognised, categorised as level 2 and are subsequently remeasured at fair value. The fair value on initial recognition is the transaction price unless part of the consideration given or received is for something other than the instrument itself. The fair value of derivative financial instruments is subsequently calculated using discounted cash flow techniques or other appropriate pricing models. The chosen method is used consistently for similar types of instruments. All valuation techniques take into account assumptions based upon market data. The fair value of forward contracts is the present value of the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional foreign currency amount. Fair value of interest rate swaps is the net present value of all expected future cash flows based on current market rates taking due account of counterpart credit risk and own credit risk.

As at 31 December 2013, the Group held the following instruments measured at fair value:

Assets and liabilities measured at fair value				2013				2012
	€m	Level 1 €m	Level 2 €m	Level 3 €m	€m	Level 1 €m	Level 2 €m	Level 3 €m
Financial assets at fair value through profit and loss								
Forward foreign exchange contracts – hedged	**65.2**	**-**	**65.2**	**-**	47.4	-	47.4	-
Forward foreign exchange contracts – non-hedged	**1.7**	**-**	**1.7**	**-**	1.2	-	1.2	-
Interest rate/cross currency swaps	**33.0**	**-**	**33.0**	**-**	41.4	-	41.4	-
Total assets measured at fair value	**99.9**	**-**	**99.9**	**-**	90.0	-	90.0	-
Financial liabilities at fair value through profit and loss								
Forward foreign exchange contracts – hedged	**4.4**	**-**	**4.4**	**-**	30.9	-	30.9	-
Forward foreign exchange contracts – non-hedged	**-**	**-**	**-**	**-**	1.7	-	1.7	-
Interest rate/cross currency swaps	**30.3**	**-**	**30.3**	**-**	39.4	-	39.4	-
Total liabilities measured at fair value	**34.7**	**-**	**34.7**	**-**	72.0	-	72.0	-

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

24. Other financial assets and financial liabilities continued

Classification of financial instruments

2013	Cash and receivables €m	Derivatives used for hedging €m	Non-financial assets €m	Total €m
Assets				
Property, plant and equipment	-	-	4,932.9	4,932.9
Investment property	-	-	5.8	5.8
Intangible assets	-	-	75.2	75.2
Investments	-	-	0.5	0.5
Financial assets	6.1	-	-	6.1
Derivative financial instruments	-	99.9	-	99.9
Deferred tax assets	-	-	217.5	217.5
Trade and other receivables	361.2	-	101.2	462.4
Inventories	-	-	353.2	353.2
Cash	90.2	-	-	90.2
Total	457.5	99.9	5,686.3	6,243.7

2013	Loans and payables €m	Derivatives used for hedging €m	Other financial liabilities €m	Non-financial liabilities €m	Total €m
Liabilities					
Trade and other payables	386.9	-	-	-	386.9
Deferred income	-	-	39.4	-	39.4
Interest bearing loans and borrowings	2,664.8	-	-	-	2,664.8
Derivative financial instruments	-	34.7	-	-	34.7
Deferred tax liabilities	-	-	-	80.9	80.9
Provisions	-	-	-	957.7	957.7
Retirement benefit obligations	-	-	-	57.3	57.3
Income tax payable	-	-	-	41.3	41.3
Total	3,051.7	34.7	39.4	1,137.2	4,263.0

24. Other financial assets and financial liabilities continued

Classification of financial instruments continued

2012	Cash and receivables €m	Derivatives used for hedging €m	Non-financial assets €m	Total €m
Assets				
Property, plant and equipment	-	-	4,775.6	4,775.6
Intangible assets	-	-	93.3	93.3
Investments	-	-	-	-
Financial assets	4.7	-	-	4.7
Derivative financial instruments	-	90.0	-	90.0
Deferred tax assets	-	-	229.7	229.7
Trade and other receivables	245.6	-	157.7	403.3
Inventories	-	-	181.9	181.9
Cash	95.7	-	-	95.7
Total	346.0	90.0	5,438.2	5,874.2

2012	Loans and payables €m	Derivatives used for hedging €m	Other financial liabilities €m	Non-financial liabilities €m	Total €m
Liabilities					
Trade and other payables	261.1	-	-	-	261.1
Obligations under finance leases	0.1	-	-	-	0.1
Deferred income	-	-	50.3	-	50.3
Interest bearing loans and borrowings	2,565.0	-	-	-	2,565.0
Derivative financial instruments	-	72.0	-	-	72.0
Deferred tax liabilities	-	-	-	72.4	72.4
Provisions	-	-	-	836.1	836.1
Retirement benefit obligations	-	-	-	78.8	78.8
Income tax payable	-	-	-	48.4	48.4
Total	2,826.2	72.0	50.3	1,035.7	3,984.2

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

24. Other financial assets and financial liabilities continued

The fair values of derivative financial instruments at 31 December are set out below, with the following maturities:

	Fair value asset 31/12/13 €m	**Fair value liability 31/12/13 €m**	Fair value asset 31/12/12 €m	Fair value liability 31/12/12 €m
Cash flow hedges				
Within one year	**16.6**	**(3.3)**	17.6	(11.1)
1 to 2 years	**19.9**	**(0.9)**	8.7	(12.1)
2 to 3 years	**14.7**	**(0.2)**	6.2	(5.5)
3 to 4 years	**14.0**	**-**	8.0	(2.2)
More than 4 years	**-**	**-**	6.9	-
	65.2	**(4.4)**	47.4	(30.9)
Fair value hedges				
Within one year	**-**	**-**	-	-
1 to 2 years	**9.7**	**-**	-	-
2 to 3 years	**-**	**-**	14.5	-
3 to 4 years	**-**	**-**	-	-
More than 4 years	**-**	**-**	-	-
	9.7	**-**	14.5	-
Derivative instruments designated in part as cash flow hedges and in part as net investment hedges				
Within one year	**-**	**-**	-	-
1 to 2 years	**1.8**	**-**	-	-
2 to 3 years	**-**	**-**	0.2	-
3 to 4 years	**-**	**-**	-	(20.0)
More than 4 years	**-**	**(12.1)**	-	-
	1.8	**(12.1)**	0.2	(20.0)
Derivative instruments designated in part as fair value hedges and in part as net investment hedges				
Within one year	**-**	**-**	-	-
1 to 2 years	**1.7**	**(8.5)**	-	-
2 to 3 years	**-**	**-**	-	-
3 to 4 years	**-**	**-**	1.3	(9.1)
More than 4 years	**-**	**-**	-	-
	1.7	**(8.5)**	1.3	(9.1)
Currency derivatives not designated as cash flow hedges and charged to income				
Within one year	**1.0**	**-**	0.5	(1.7)
1 to 2 years	**20.5**	**(9.7)**	0.7	-
2 to 3 years	**-**	**-**	-	-
3 to 4 years	**-**	**-**	25.4	(10.3)
	21.5	**(9.7)**	26.6	(12.0)
Total	**99.9**	**(34.7)**	90.0	(72.0)
Of which – non-current	**82.3**	**(31.4)**	71.9	(59.2)
Of which – current	**17.6**	**(3.3)**	18.1	(12.8)

25. Provisions

	Tails disposal €m	Decommissioning of plant and machinery €m	Other €m	Total €m
At 1 January 2013	458.0	292.2	85.9	836.1
Additional provision in the year	127.0	17.1	89.5	233.6
Unwinding of discount	16.2	12.2	0.6	29.0
Utilisation of provision	(49.8)	(3.3)	(77.6)	(130.7)
Exchange difference	(5.9)	(2.7)	(1.7)	(10.3)
At 31 December 2013	**545.5**	**315.5**	**96.7**	**957.7**
Included in current liabilities				**9.1**
Included in non-current liabilities				**948.6**
				957.7

	Tails disposal €m	Decommissioning of plant and machinery[i] €m	Other[i] €m	Total €m
At 1 January 2012	369.9	253.0	64.7	687.6
Additional provision in the year	137.3	60.9	49.3	247.5
Release of provision in the year	(20.9)	(32.6)	-	(53.5)
Unwinding of discount	16.8	10.9	0.9	28.6
Utilisation of provision	(51.1)	(2.1)	(30.5)	(83.7)
Exchange difference	6.0	2.1	1.5	9.6
At 31 December 2012	**458.0**	**292.2**	**85.9**	**836.1**
Included in current liabilities				**9.6**
Included in non-current liabilities				**826.5**
				836.1

Provision for tails disposal

The enrichment process generates depleted uranium ("tails"). This provision has been made on a discounted basis for all estimated future costs for the eventual safe disposal of the tails. The costs take account of conversion to a different chemical state, intermediate storage, transport and safe disposal.

The final amount of the provision is uncertain but is evaluated based upon the planned operational activity involved in successfully achieving safe disposal in accordance with current regulatory requirements. The planned costs are based on historic experience and understood contract prices for the relevant parts of the disposal cycle. These costs are escalated based on current expectations of inflation and discounted to provide a present value cost per unit, or tails rate, which is applied to the quantity of tails held at the statement of financial position date. Further description of the estimates and assumptions applied are given in note 2.

Management has considered the applicable inflation rate of 2% per annum (2012: 2% per annum) and the risk free discount rate of 4% per annum (2012: 4% per annum) and concluded they are unchanged from those applied at year end 2012. The real discount rate is 1.96% (2012: 1.96%).

During the year the tails provision increased by €127.0 million due to tails generated in that period (2012: €137.3 million). This addition to the tails provision has been recognised as a cost in the income statement under tails provision created. A review of assumptions and timing of planned operational activity was conducted in the prior year which led to a provision release of €20.9 million in 2012. There have been no changes to these assumptions in 2013. Costs incurred during the year on the safe deconversion, storage and disposal of tails of €49.8 million (2012: €51.1 million) have been charged against the provision.

With the exception of tails currently sent to third parties for disposal, for which €59.7 million of the tails provision will be used within the next 10 years, it is expected that €153.8 million of the provision will be used within the next 30 years and €331.9 million will be used within the next 30 to 100 years.

The provision for tails disposal is dependent on certain assumptions and estimates, such as timing of disposal and the applicable discount rate. A 10% reduction of the discount rate would lead to an increase of the provision by €47.1 million, whilst a 10% increase in the discount rate would lead to a decrease of the provision by €36.5 million.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

25. Provisions continued

Provision for decommissioning of plant and machinery

The Directors intend to decommission plant and machinery as soon as practicably possible after it is taken out of use. Enrichment plant will be disassembled, decommissioned and the site returned to 'greenfield' or 'brownfield' status. Containers will be cleaned, dismantled and scrapped. To meet these eventual costs of decommissioning, provisions are charged in the accounts, for all plant and machinery in operation, at amounts considered to be adequate for the purpose.

The final amount of the provision is uncertain but is evaluated based upon the planned operational activity involved in successfully achieving full decommissioning of any land, plant or equipment used in enrichment activities, in accordance with the Directors' intention and current regulatory requirements. The planned costs are based on historic experience and price estimates for the relevant activities and processes of the decommissioning cycle, which include deconstruction, decontamination and disposal of all materials involved in the enrichment process. These costs are escalated based on current expectations of inflation and discounted to provide a present value cost based on the expected useful life of the asset in use and timing of subsequent decommissioning activity. Further description of the estimates and assumptions applied are given in note 2.

Management has considered the applicable inflation rate of 2% per annum (2012: 2% per annum) and the risk free discount rate of 4% per annum (2012: 4% per annum) and concluded they are unchanged from those applied at year end 2012. The real discount rate is 1.96% (2012: 1.96%).

During the year the decommissioning provision increased by €17.1 million (2012: €60.9 million) due to the installation of additional plant and machinery of €12.9 million (2012: €15.2 million) and additional container purchases of €4.2 million (2012: €45.7 million). The addition to the decommissioning provision associated with the installation of plant and machinery has been recognised as an equivalent addition to the decommissioning asset in the statement of financial position.

During 2012 a detailed technical review of the decommissioning process was conducted. This review updated several of the technical, operational and financial assumptions and timings underlying the decommissioning provisions and, as a result €32.6 million of the decommissioning provision was released.

It is expected that this provision will be used over the next 30 to 40 years.

The provision for decommissioning plant and machinery is dependent on certain assumptions and estimates, such as timing of decommissioning and the applicable discount rate. A 10% reduction of the discount rate would lead to an increase of the provision by €16.3 million, whilst a 10% increase in the discount rate would lead to a decrease of the provision by €15.0 million.

Other provisions

These comprise provisions relating to the future re-enrichment of low assay feed and personnel provisions. During the year, the provisions relating to the future re-enrichment of low assay feed increased by €85.4 million due to the creation of low assay feed and reduced by €73.4 million due to expenditure incurred on re-enrichment of low assay feed. In addition to the net increase in provisions relating to the future of re-enrichment of low assay feed of €12.0 million there was a €0.1 million decrease in personnel provisions relating to pension costs and restructuring.

It is expected that other provisions will be used over the next seven years.

26. Retirement benefit obligations

The Group operates a number of pension schemes in the UK, Germany, the Netherlands and the US. Some are defined benefit schemes (four in total); others are defined contribution schemes and are funded externally. The defined benefit schemes comprise both funded and unfunded schemes. No other post-retirement benefits are currently provided by the Group. ETC forms part of URENCO's defined benefit pension schemes. Assets and liabilities are allocated on a notional basis by employee to enable correct accounting across the subsidiaries.

As disclosed in the Remuneration Report on page 45, in addition to the accruals already made in the Company's defined benefit scheme, H Engelbrecht has a right under his contract of employment to receive a certain income as retirement benefit which would be payable under certain circumstances. The revenue funding cost of this company commitment, as assessed by an independent actuary, has previously been assessed to be €2.8 million (2012: €2.8 million). This cost will be reviewed periodically.

Valuations of the schemes are carried out at least every three years. The most recent actuarial assessments for the UK scheme of plan assets and the present value of the defined benefit obligations were carried out at 5 April 2012 and subsequently rolled forward to 31 December 2013. Following the triennial valuation of the UK schemes, a revised deficit repair plan was agreed with the UK trustees. The plan includes deficit repair payments of £6.5 million annually for seven years, until 2020. Actuarial assessments of plan assets and the present value of the defined benefit obligations are due to be carried out in accordance with the regulatory timetable of the relevant country. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	2013 %	2012 %
Key financial assumptions used:		
Discount rate	**3.5-4.6**	3.5-4.3
Expected return on scheme assets	**7.0-15.0**	2.4-7.0
Expected rate of salary increases	**2.5-4.4**	2.5-3.9
Future pension increases	**1.5-3.4**	1.5-2.9

In addition to the key financial assumptions shown above, the Group reviews the demographic and mortality assumptions. Mortality assumptions reflect best practice in the countries in which the Group operates defined benefit schemes (the Netherlands, UK and Germany) and have regard to the latest available published tables, adjusted where appropriate, to reflect the experience of the Group and an extrapolation of past longevity improvements into the future. The tables used and key assumptions are as follows:

Mortality assumptions:	Netherlands		UK		Germany	
	2013 years	2012 years	2013 years	2012 years	2013 years	2012 years
Life expectancy at age 60 for a male currently aged 60	**27.1**	27.0	**29.2**	28.7	**23.3**	23.1
Life expectancy at age 60 for a female currently aged 60	**28.9**	29.9	**31.1**	29.9	**27.8**	27.7
Life expectancy at age 60 for a male currently aged 40	**28.6**	28.6	**31.8**	31.9	**26.1**	26.0
Life expectancy at age 60 for a female currently aged 40	**29.7**	29.8	**33.6**	31.9	**30.5**	30.3

Mortality tables:	Netherlands	UK	Germany
2013	**AG Prognosetafel 2012 – 2062 with mortality experience correction factors (TW 2012)**	**S1NA YOB tables with appropriate age ratings using CMI 2011 projections 1.5% minimum improvements p.a.**	**Heubeck table 2005 G**
2012	AG Prognosetafel 2010-2060 with mortality experience correction factors (TW 2010)	S1NA YOB tables (-1 year for males, unadjusted for females) CMI 2011 projections 1.5% minimum improvements p.a.	Heubeck table 2005 G

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

26. Retirement benefit obligations continued

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	Year ended 31/12/13 €m	Year ended 31/12/12 (restated[i]) €m
Current service cost	**(10.4)**	(6.4)
Administrative expense paid from scheme assets	**(0.7)**	(0.6)
Net interest expense on defined benefit pension scheme	**(2.9)**	(2.6)
Past service cost	**0.5**	(0.1)
	(13.5)	(9.7)

(i) The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

The net interest expense for the year has been included in the consolidated income statement within finance expense.

The amount charged to income in respect of defined contribution pension schemes was €6.8 million (2012: €5.0 million).

The actual return on scheme assets was €49.6 million (2012: €36.7 million).

Amounts recognised in the statement of comprehensive income in respect of these defined benefit schemes are as follows:

	Year ended 31/12/13 €m	Year ended 31/12/12 (restated[i]) €m
Actuarial gains/(losses)	**6.0**	(19.2)
Exchange difference	**1.2**	(1.4)
	7.2	(20.6)
Unrecognised surplus on defined benefit pension schemes	**-**	(8.4)
Change in the asset restriction on defined benefit pension schemes	**-**	(2.0)

(i) The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit schemes is as follows:

Movement in present value of defined benefit obligation

			2013 €m			2012 (restated[i]) €m
As at 31 December	**Total**	**Funded schemes**	**Unfunded schemes**	Total	Funded schemes	Unfunded schemes
At 1 January	**(497.4)**	**(477.0)**	**(20.4)**	(441.6)	(424.7)	(16.9)
Current service cost	**(10.4)**	**(10.0)**	**(0.4)**	(6.4)	(6.1)	(0.3)
Past service cost	**0.5**	**0.5**	**-**	(0.1)	(0.1)	-
Interest cost	**(19.7)**	**(19.0)**	**(0.7)**	(21.0)	(20.2)	(0.8)
Actuarial loss	**(26.7)**	**(26.6)**	**(0.1)**	(37.5)	(34.2)	(3.3)
Benefits paid to members	**16.6**	**15.6**	**1.0**	16.5	15.6	0.9
Contributions by members	**(1.5)**	**(1.5)**	**-**	(1.5)	(1.5)	-
Transfer	**(0.1)**	**(0.1)**	**-**	1.3	1.3	-
Foreign exchange	**6.0**	**6.0**	**-**	(7.1)	(7.1)	-
At 31 December	**(532.7)**	**(512.1)**	**(20.6)**	(497.4)	(477.0)	(20.4)

(i) The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

26. Retirement benefit obligations continued

Movements in the fair value of plan assets

	2013 €m	2012 (restated[i]) €m
At 1 January	**427.0**	390.1
Interest income	**16.8**	18.4
Actuarial gains	**32.7**	18.3
Contributions by employer	**18.3**	10.5
Contributions by members	**1.5**	1.5
Benefits paid to members	**(15.5)**	(15.6)
Transfer	**0.1**	(1.3)
Administrative expenses paid from scheme assets	**(0.7)**	(0.6)
Foreign exchange	**(4.8)**	5.7
At 31 December	**475.4**	427.0

[i] The December 2012 results have been restated to adopt the amendments to IAS 19 Employee Benefits, refer to note 2.

	2013 €m	2012 €m
Present value of defined benefit obligation	**(532.7)**	(497.4)
Fair value of plan assets	**475.4**	427.0
Unrecognised surplus	**-**	(8.4)
Recognised liability at 31 December	**(57.3)**	(78.8)

At 31 December 2012 the pension fund in the Netherlands has a surplus of €8.4 million. Based on the requirements under IAS 19, a surplus can only be recorded when the entity has the right to reclaim this surplus and a reasonable assurance exists that the company can successfully reclaim this surplus. As none of the conditions under IAS 19 were met, the surplus is not recorded. As at 31 December 2013, the pension fund in the Netherlands has a deficit.

The major categories and fair values of scheme assets at 31 December for each category are as follows:

	Expected return		Fair value of assets	
	2013 %	2012 %	2013 €m	2012 €m
Equity instruments	**7.0 - 15.0**	6.5 - 7.0	**203.3**	196.0
Debt instruments	**3.6 - 7.2**	2.9 - 5.4	**222.3**	190.8
Other assets	**0.5 - 3.6**	2.4 - 2.6	**49.8**	40.2
			475.4	427.0

Other assets primarily relate to the mark to market position on the Liability Driven Investment swap portfolio.

Experience adjustments (surplus/deficits) arise where actuarial assumptions made at a previous valuation have not been borne out in practice.

The estimated amounts of contributions expected to be paid to the schemes during the current financial year (2014) is €13.0 million.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

27. Trade and other payables

Current	31/12/13 €m	31/12/12 €m
Trade payables	**50.3**	52.9
Other payables	**46.7**	43.2
Accruals	**101.5**	86.7
Amounts due to joint venture	**55.2**	26.0
	253.7	208.8

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 24 days (2012: 27 days).

The Directors consider that the carrying amount of trade payables approximates to their fair value.

Non-current	31/12/13 €m	31/12/12 €m
Other payables	**133.2**	52.3
	133.2	52.3

Other payables comprise obligations relating to SWU and feed borrowed from third parties for the purpose of optimising production flexibility. The SWU and feed is expected to be returned in or by 2017.

28. Amounts due under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	31/12/13 €m	31/12/12 €m	31/12/13 €m	31/12/12 €m
Amounts payable:				
Within one year	**-**	-	**-**	-
In two to five years	**-**	0.1	**-**	0.1
	-	0.1	**-**	0.1
Less: finance charges allocated to future periods	**-**	-	**-**	-
Present value of lease obligations	**-**	0.1	**-**	0.1

29. Operating lease arrangements

The Group as lessee

The Group has entered into operating leases on certain land, property, motor vehicles and items of machinery. These leases have an unweighted average life of five years based on the number of contracts and a weighted average life of 24 years based on the value of the contracts. The remaining terms of the leases vary from one to 98 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	31/12/13 €m	31/12/12 €m
Within one year	**4.9**	5.1
In the second to fifth years inclusive	**9.6**	10.6
After five years	**91.9**	96.9
	106.4	112.6

30. Contingent liabilities

There are no material contingent liabilities.

31. Events after the reporting period

In the first half of February 2014, we issued a 7 year €750 million bond. At the same time we announced a tender offer which resulted in a repurchase of €170 million of our €500 million bond due in May 2015.

As of 4 March 2014, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2013 financial statements.

32. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries are disclosed in the Company's separate financial statements.

Transactions with the URENCO pension scheme are detailed in note 26.

Trading transactions

During the year, Group companies entered into the following transactions with the following related parties:

	Sales of goods and services		Purchases of assets, goods and services		Amounts owed by related parties		Amounts owed to related parties	
	Year ended 31/12/13 €m	Year ended 31/12/12 €m	**Year ended 31/12/13 €m**	Year ended 31/12/12 €m	**31/12/13 €m**	31/12/12 €m	**31/12/13 €m**	31/12/12 €m
DECC	**21.5**	1.5	**1.7**	3.3	**1.0**	0.6	**-**	1.1
E.ON	**51.5**	109.4	**-**	16.5	**22.0**	35.4	**-**	-
RWE	**9.4**	24.2	**19.4**	1.2	**9.4**	-	**-**	-
ETC[(i)]	**3.3**	3.3	**279.4**	473.4	**-**	0.1	**55.2**	26.0

(i) These amounts are 100% of the sales/purchases and amounts due from/to the Enrichment Technology Company Limited.

The Department for Energy and Climate Change (DECC), E.ON Kernkraft GmbH and RWE Power AG are all related parties of the Group because of their indirect shareholdings in URENCO Limited. Enrichment Technology Company Limited is a related party due to the Group's 50% shareholding in the joint venture. Sales of goods and services to related parties and purchases of assets, goods and services from them were made under the Group's normal trading terms.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made and no expense incurred for doubtful debts in respect of the amounts owed by related parties.

The URENCO Group funds 50% of the Enrichment Technology Company Limited. Interest is charged at market rates.

The Enrichment Technology Company Limited pension scheme is administered as part of the URENCO pension scheme. Included in URENCO's share of results of joint venture and Investments is 50% of the Enrichment Technology Company Limited income statement charges and liabilities arising from retirement benefit obligations. Included in the amounts recognised in the share of results of joint venture in respect of the defined benefit schemes is a charge of €4.9 million relating to the joint venture (2012: €5.4 million). Included in the share of net assets of the joint venture as a recognised liability is €19.7 million relating to the joint venture (2012: €22.0 million).

During the year, Group companies contributed €17.4 million (2012: €12.1 million) for the benefit of employees into post-employment benefit plans.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures.* Further information about the remuneration of individual Directors is provided in the Remuneration report on page 45.

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Short-term employee benefits	**2.2**	2.0
Post-employment benefits	**0.2**	0.2
	2.4	2.2

Directors' transactions

No Director has ever had a loan from the Company or any other transaction with the Company other than remuneration for his services as a Director, covered above.

Registered Number
01022786

Company Financial Statements

For the year ended
31 December 2013

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Directors' Responsibilities Statement

In respect of the Parent Company financial statements

Statement of Directors' responsibilities in respect of the accounts

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board.

Sarah Newby
Company Secretary

4 March 2014

Independent Auditors' Report

To the members of URENCO Limited

We have audited the Parent Company financial statements of URENCO Limited for the year ended 31 December 2013 which comprise the Company Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our 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 us 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 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, we read all the financial and non-financial information in the annual report to identify any information that is materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of URENCO Limited for the year ended 31 December 2013.

Ross Howard FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

4 March 2014

Company Balance Sheet

For the year ended 31 December 2013

	Notes	2013 €m	2012 €m
Fixed assets			
Tangible assets	5	**5.1**	3.7
Intangible assets	6	**1.6**	2.6
Investments in subsidiaries and associates	7	**3,252.7**	2,572.7
		3,259.4	2,579.0
Long-term assets			
Debtors – amounts falling due after more than one year	9	**1.2**	0.8
Current assets			
Debtors – amounts falling due within one year	8	**588.6**	986.2
Cash and cash equivalents		**74.3**	62.0
		662.9	1,048.2
Current liabilities			
Creditors – amounts falling due within one year	10	**(1,564.0)**	(1,136.1)
Net current liabilities		**(901.1)**	(87.9)
Total assets less current liabilities		**2,359.5**	2,491.9
Long-term liabilities			
Creditors - amounts falling due after more than one year	11	**(1,691.0)**	(1,813.2)
Net assets before retirement benefit obligations		**668.5**	678.7
Retirement benefit obligations	12	**(3.1)**	(3.6)
Net assets		**665.4**	675.1
Capital and reserves			
Share capital	13	**237.3**	237.3
Reserves	14	**428.1**	437.8
		665.4	675.1

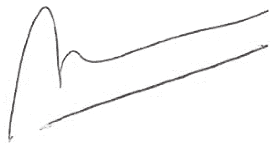
Registered Number 01022786

The profit after tax for the financial year of the Parent Company amounts to €208.8 million (2012: €117.0 million).

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2014.

They were signed on its behalf by:

Helmut Engelbrecht
Chief Executive Officer



Marcel Niggebrugge
Chief Financial Officer

Notes to the Company Financial Statements

For the year ended 31 December 2013

1. Significant accounting policies

The separate financial statements of the Parent Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with UK GAAP (UK accounting standards and applicable law).

Basis of preparation and presentation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The URENCO Limited financial statements are presented in euros. This is consistent with the presentation of the Group consolidated financial statements.

No profit and loss account is presented for URENCO Limited, as permitted under section 408 of the Companies Act 2006.

UK GAAP replacement

The Company understands that UK GAAP can not be used any longer from 2015, following a fundamental revision by the Financial Reporting Council (FRC). Hence the Company will be required to transition to one of the alternative sets of accounting frameworks: Full IFRS as endorsed for use in the EU, FRS 101 Reduced Disclosure Framework or FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

After considering its options for this compulsory move away from UK GAAP, the Company has decided to adopt FRS 101 as its new accounting framework. The first report and accounts under FRS 101 will be prepared for the year ending 31 December 2015, with comparative numbers for 2014 also based on FRS 101.

FRS 101 is a new reporting standard, issued by the FRC, which is based on IFRS for use in the EU. FRS 101 applies the recognition and measurement principles of IFRS, but permits exemptions for certain disclosures.

Going concern

As discussed in the Directors' Report, 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 annual financial statements.

Taxation

The charge for tax is based on the result for the year and takes into account deferred tax.

Deferred tax is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

A net deferred tax asset is regarded as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates or laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Foreign currencies

The Company's functional currency is sterling and the financial statements are presented in euros. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date, with all differences being taken to profit and loss. All other translation differences are taken to total recognised gains and losses. The average sterling to euro rate for 2013 was £0.8487 to €1 (2012: £0.8132 to €1) and the year end rate was £0.8302 to €1 (2012: £0.81189 to €1).

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

1. Significant accounting policies continued

Tangible fixed assets and depreciation

Tangible fixed assets are included at cost less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Freehold buildings	12 – 40 years
Plant and machinery	3 – 15 years
Office fixtures and fittings	12 years
Computer equipment	3 – 5 years

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible fixed assets

Software and development costs associated with the Group's implementation of its ERP system (SAP 6.0) have been capitalised within computer equipment. Depreciation of these capitalised project costs takes place on a straight-line basis, based on a useful economic life of five years, with no residual value.

Investments

Investments in subsidiary undertakings are held at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the investment's recoverable amount. The recoverable amount is the higher of the amount at which the investment could be disposed of, less any direct selling costs and value in use. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Any impairment loss is recognised in the profit and loss account. If, after an impairment loss has been recognised, the recoverable amount of an investment increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the profit and loss account to the extent that it increases the carrying amount of the investment up to the amount that it would have been had the original impairment not occurred.

Retirement benefit obligations

The Company operates a defined benefit pension scheme for the benefit of all employees who started their employment prior to 31 December 2007. For employees joining the Company after this date, the Company operates a defined contribution scheme. Payments to the defined contribution scheme are charged as an expense to the profit and loss account as they fall due. On 10 August 2009, the Company's defined benefit scheme merged with the URENCO UK pension scheme.

Regarding the defined benefit scheme, in accordance with FRS 17, the Company has recognised the retirement benefit obligations. The scheme, which is funded by contributions partly from the employees and partly from the Company, is administered independently.

The cost of providing benefits is determined using the projected unit credit method, with actuarial assessments being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised directly in retained earnings and included as a movement in the present value of the net defined benefit liability.

The interest element of the defined benefit cost represents the change in the present value of the scheme obligations relating to the passage of time and is determined by applying the discount rate to the opening present value of the defined benefit obligation. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets. The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss account as other finance income or expense.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

Scheme assets are measured at fair value, which is based upon market price information, and in the case of quoted securities is the published bid price.

The retirement benefit obligations recognised in the balance sheet represent the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

2. Employment benefits expense

The average monthly number of Company employees (including Executive Directors) was:	**2013 Number**	2012 Number
Technical	**34**	33
Administration	**101**	102
	135	135

Their aggregate remuneration comprised:	**Year ended 31/12/13 €m**	Year ended 31/12/12 €m
Wages and salaries	**16.6**	14.2
Social security costs	**1.7**	1.8
Pension costs	**1.7**	1.2
	20.0	17.2

Directors' emoluments (see page 45):	**Year ended 31/12/13 €m**	Year ended 31/12/12 €m
Emoluments	**2.1**	2.1
Amounts receivable under long-term incentive scheme	**0.1**	(0.1)
Company contributions paid to a defined benefit pension scheme	**0.2**	0.2
	Number	Number
Members of defined benefit pension schemes	**1**	1
Company contributions paid to a defined contribution pension scheme	**-**	-
Members of defined contribution schemes	**1**	1

In respect of the highest paid Director:	**Year ended 31/12/13 €m**	Year ended 31/12/12 €m
Emoluments	**0.8**	0.8
Accrued pension at the end of the year	**0.2**	0.2

3. Taxation

Deferred tax

Deferred tax balances recognised at 31 December are as follows:

	2013 €m	2012 €m
Deferred tax asset relating to fixed assets	**0.7**	0.8
Deferred tax asset relating to short term timing differences	**0.5**	-
Total deferred tax asset	**1.2**	0.8

In addition to the above balances a further deferred tax asset of €1.1 million (2012: €1.5 million) has been recognised and netted against the Company's pension liability in accordance with FRS 17 (see note 12).

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

4. Dividends paid and proposed

	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Declared and paid during the year		
Amounts recognised as distributions to equity holders in the period:		
Interim dividend for the year ended 31 December 2013 of nil cents per share (2012: 59.52 cents per share)	–	100.0
Final dividend for the year ended 31 December 2012 of 160.71 cents per share (2011: 53.57 cents per share)	**270.0**	90.0
	270.0	190.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2013 of 202.38 cents per share (2012: 160.71 cents per share)	**340.0**	270.0

The expected final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

5. Tangible assets

2013	**Fixtures and fittings €m**
Cost as at 1 January 2013	**6.0**
Additions	**2.2**
Exchange adjustments	**(0.2)**
Cost as at 31 December 2013	**8.0**
Depreciation as at 1 January 2013	**2.3**
Charge for the year	**0.6**
Exchange adjustments	**-**
Depreciation as at 31 December 2013	**2.9**
Net book value as at 1 January 2013	**3.7**
Net book value as at 31 December 2013	**5.1**

6. Intangible assets

2013	**Software assets €m**
Cost as at 1 January 2013	**4.1**
Additions	**0.1**
Exchange adjustments	**(0.1)**
Cost as at 31 December 2013	**4.1**
Amortisation as at 1 January 2013	**1.5**
Charge for the year	**1.0**
Exchange adjustments	**-**
Amortisation as at 31 December 2013	**2.5**
Net book value as at 1 January 2013	**2.6**
Net book value as at 31 December 2013	**1.6**

7. Investments in subsidiaries and joint venture

	Shares in subsidiary and associated undertakings €m
Cost as at 1 January 2013	**2,805.6**
Additions	**680.0**
Cost as at 31 December 2013	**3,485.6**
Impairment as at 1 January 2013 and at 31 December 2013	**(232.9)**
Net book value as at 31 December 2013	**3,252.7**
Net book value as at 1 January 2013	**2,572.7**

The additions of €680.0 million in 2013 (2012: €nil million) wholly relate to an additional investment in URENCO USA Inc. in exchange of new shares issued to the Company.

During 2012, the Company fully impaired its investment in Enrichment Technology Company Limited to a value of €nil and the impairment loss of €232.9 million was recognised in the profit and loss account. The recoverable amount for the impairment test was determined by the value in use, which was measured by discounting estimated future cash flows using a pre-tax discount rate of 10%.

Details of the Company's main subsidiaries and joint venture at 31 December 2013 are as follows:

	Nature of business	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
Name of subsidiary				
URENCO Enrichment Company Limited	Holding / central services	England and Wales	100	100
URENCO UK Limited	Uranium enrichment	England and Wales(i)	100	100
URENCO ChemPlants Limited	Deconversion	England and Wales	100	100
URENCO Deutschland GmbH	Uranium enrichment	Germany(i)	100	100
URENCO Nederland BV	Uranium enrichment	the Netherlands(i)	100	100
URENCO Deelnemingen BV	Holding	the Netherlands(i)	100	100
URENCO Finance NV	Financing	the Netherlands	100	100
URENCO USA Inc.	Holding	US	100	100
URENCO Inc.	Sales / marketing	US(i)	100	100
URENCO Finance UK limited	Holding company	UK	100	100
URENCO Finance US LLC	Holding company	US	100	100
Louisiana Energy Services, LLC	Enrichment services	US(i)	100	100
Capenhurst Nuclear Services Limited	Uranium handling services	England and Wales	100	100
Name of joint venture				
Enrichment Technology Company Limited	Manufacturing	England and Wales(i) (ii)	50	50

(i) Denotes companies / partnership whose shares are indirectly held by URENCO Limited.

(ii) 21.7% is held directly by URENCO Limited, with the remaining 28.3% held by URENCO Deutschland GmbH.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

8. Debtors - amounts falling due within one year

	31/12/13 €m	31/12/12 €m
Amounts due from Group undertakings	**488.8**	891.0
Amounts due from related parties	**-**	6.0
Other debtors	**1.6**	5.1
Corporation tax receivable	**79.1**	60.2
Prepayments and accrued income	**19.1**	23.9
	588.6	986.2

Intercompany current accounts included in amounts due from Group undertakings are subject to interest. The average rate prevailing in the year was 0.32% (2012: 0.57%). The intercompany debtor is not secured on the Company's assets.

9. Debtors - amounts falling due after more than one year

	31/12/13 €m	31/12/12 €m
Deferred tax	**1.2**	0.8

10. Creditors - amounts falling due within one year

	31/12/13 €m	31/12/12 €m
Short-term bank borrowings	**50.7**	82.9
Trade creditors	**0.6**	1.9
Amounts due to Group undertakings	**1,452.9**	1,029.5
Amounts due to related parties	**41.4**	-
Other taxes and social security costs	**0.4**	0.4
Other creditors	**-**	1.1
Accruals	**18.0**	20.3
	1,564.0	1,136.1

Intercompany current accounts included in amounts due to Group undertakings are subject to interest. The average rate prevailing in the year was 0.32% (2012: 0.57%). The intercompany creditor is not secured on the Company's assets.

11. Creditors - amounts falling after more than one year

	31/12/13 €m	31/12/12 €m
Bank and other loans repayable:		
Between 2 and 5 years:		
$400m at fixed rates of interest (2012: $400m)	**291.0**	303.1
$200m at floating rates of interest (2012: $200m)	**145.5**	151.5
$100m at fixed rates of interest (2012: $nil)	**100.0**	-
After more than 5 years:		
€164.4m at fixed rates of interest (2012: €278.6m)	**164.4**	278.6
$387.5m at fixed rates of interest (2012: $476.8m)	**356.8**	442.8
$108.6m at floating rates of interest (2012: $108.6m)	**79.0**	82.3
Total bank and other loans repayable	**1,136.7**	1,258.3
Amounts due to Group undertakings	**552.8**	553.2
Long-term incentive scheme accrual	**1.5**	1.7
	1,691.0	1,813.2

Intercompany current accounts included in amounts due to Group undertakings are subject to interest. The average rate prevailing in the year was 0.32% (2012: 0.57%). The intercompany creditor is not secured on the Company's assets.

12. Retirement benefit obligations

The Company operates a defined benefit scheme and the pension cost relating to the defined benefit scheme is assessed in accordance with the advice of independent, professionally qualified actuaries using the projected unit credit method.

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation and updated by the actuaries during 2013 to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2013. Scheme assets are stated at their market values at the balance sheet dates.

Main assumptions:

Key financial assumptions:	2013	2012
Discount rate	4.6%	4.3%
Salary increases	4.4%	3.9%
Pension increases	3.4%	2.9%
Price inflation	3.4%	2.9%

Mortality assumptions:	2013	2012
Life expectancy at age 60 for a male currently aged 60	29.2	28.7
Life expectancy at age 60 for a female currently aged 60	31.1	29.9
Life expectancy at age 60 for a male currently aged 40	31.8	31.9
Life expectancy at age 60 for a female currently aged 40	33.6	31.9

The assets and liabilities of the scheme and the expected rates of return at 31 December are:

	Long-term expected rate of return (pa) 2013 %	Market value 2013 €m	Long-term expected rate of return (pa) 2012 %	Market value 2012 €m
Equities	7.1	22.0	6.6	20.2
Bonds	3.7	16.7	2.9	15.2
Total market value of scheme assets		38.7		35.4
Present value of scheme liabilities				
Funded scheme		(42.9)		(40.5)
Pension liability before deferred tax		(4.2)		(5.1)
Related deferred tax asset		1.1		1.5
Net pension liability		(3.1)		(3.6)

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

12. Retirement benefit obligations continued

Change in benefit obligations	2013 €m	2012 €m
At 1 January	**(40.5)**	(33.7)
Current service costs	**(1.0)**	(0.9)
Interest cost	**(1.7)**	(1.6)
Actuarial loss	**(1.6)**	(6.0)
Benefits paid	**1.2**	1.4
Contribution by members	**(0.1)**	(0.1)
Adjustment for transferring members	**-**	1.3
Exchange difference	**0.8**	(0.9)
At 31 December	**(42.9)**	(40.5)

Change in plan assets	2013 €m	2012 €m
At 1 January	**35.4**	31.1
Expected return on plan assets	**1.7**	1.6
Actuarial gains	**1.6**	3.4
Contribution by employer	**1.7**	1.0
Contribution by members	**0.1**	0.1
Benefits paid	**(1.2)**	(1.4)
Adjustment for transferring members	**-**	(1.3)
Exchange difference	**(0.6)**	0.9
At 31 December	**38.7**	35.4

An analysis of the defined benefit cost for the year is as follows:	Year ended 31/12/13 €m	Year ended 31/12/12 €m
Current service cost	**(1.0)**	(0.8)
Total operating charge	**(1.0)**	(0.8)
Expected return on pension scheme assets	**1.7**	1.6
Interest on pension scheme liabilities	**(1.7)**	(1.6)
Total other finance income	**-**	-
Actual return less expected return on scheme assets	**1.7**	1.0
Experience losses on liabilities	**(1.7)**	(3.6)
Actuarial loss recognised	**-**	(2.6)

History of experience gains and losses	2013 €m	2012 €m	2011 €m	2010 €m	2009 €m
Difference between actual and expected return on assets	**1.7**	1.0	0.2	0.8	1.4
% of scheme assets	**4.4%**	2.8%	0.6%	3.2%	7.3%
Experience (losses)/gains arising on scheme liabilities	**0**	(3.6)	(2.2)	(0.4)	(0.7)
% of scheme liabilities	**0%**	(8.9)%	(6.5)%	(1.6)%	(3.4)%
Total actuarial (losses)/gains recognised	**0**	(2.6)	(2.0)	0.4	(0.1)
% of scheme liabilities	**0%**	(6.4)%	(5.9)%	1.6%	0.3%

Regular contributions to the scheme from both the members and employer for the year beginning 1 January 2014 are expected to be €1.2 million in line with 2013. It is anticipated that contribution rates will continue in line with current agreements until reviewed at the next triennial valuation in 2015.

In 2008, the Company also introduced a defined contribution scheme for new employees. The total cost of defined contribution arrangements of €0.7 million (2012: €0.3 million) has been fully expensed against profits in the current year.

13. Called up share capital

	31/12/13 €m	31/12/12 €m
Authorised		
Ordinary share capital, 240 million ordinary shares of £1 each:		
'A' Ordinary Shares	**113.0**	113.0
'B' Ordinary Shares	**113.0**	113.0
'C' Ordinary Shares	**113.0**	113.0
	339.0	339.0
Issued		
Allotted, called up and fully paid, 168 million ordinary shares of £1 each:		
'A' ordinary shares	**79.1**	79.1
'B' ordinary shares	**79.1**	79.1
'C' ordinary shares	**79.1**	79.1
	237.3	237.3

The 'A', 'B' and 'C' ordinary shares have identical rights.

14. Movements on reserves

	Reserves €m
At 31 December 2012	**437.8**
Profit after tax for the year 2013	**208.8**
Dividends	**(270.0)**
Actuarial loss on retirement benefit obligation	**-**
Deferred tax on actuarial loss	**(0.4)**
Net exchange effect on defined benefit obligation	**0.1**
Foreign exchange retranslation	**51.8**
At 31 December 2013	**428.1**

15. Obligations under leases

Annual commitments under non-cancellable operating leases are as follows:

	31/12/13 €m	31/12/12 €m
Other operating leases which expire:		
In the second to fifth years inclusive	**0.3**	0.5
In over five years	**0.6**	0.7
Total	**0.9**	1.2

16. Related party transactions

At the balance sheet date, amounts due from subsidiary undertakings were €488.8 million (2012: €897.0 million) comprising current assets of €488.8 million (2012: €897.0 million) and long-term loans of €nil million (2012: €nil million).

At the balance sheet date, amounts due to subsidiary undertakings were €2,047.1 million (2012: €1,582.7 million).

Intercompany current accounts included in amounts due from and to subsidiary undertakings are subject to interest. The average rate prevailing in the year was 0.324% (2012: 0.571%).

Transactions with the URENCO pension scheme are detailed in note 12.

Notes to the Company Financial Statements continued

For the year ended 31 December 2013

16. Related party transactions continued

Trading transactions

During the year, the Company entered into the following transactions with the following related party:

	Sales of goods and services		Purchases of assets, goods and services	
	Year ended 31/12/13 €m	Year ended 31/12/12 €m	**Year ended 31/12/13 €m**	Year ended 31/12/12 €m
ETC(i)	**–**	–	**0.3**	0.1

(i) These amounts are 100% of the sales/purchases and amounts due from/to the Enrichment Technology Company Limited.

	Finance income		Finance expense	
	Year ended 31/12/13 €m	Year ended 31/12/12 €m	**Year ended 31/12/13 €m**	Year ended 31/12/12 €m
ETC(i)	**–**	1.1	**–**	–

(i) These amounts are 100% of the finance income/expenses due from/to the Enrichment Technology Company Limited.

The financial expense relates to interest payable on the revolving loan due to URENCO.

	Amounts owed by related parties		Amounts owed to related parties	
	Year ended 31/12/13 €m	Year ended 31/12/12 €m	**Year ended 31/12/13 €m**	Year ended 31/12/12 €m
ETC(i)	**–**	6.0	**41.4**	–

(i) These amounts are 100% of the sales/purchases and amounts due from/to the Enrichment Technology Company Limited.

Enrichment Technology Company Limited is a related party due to the Group's 50% shareholding in the joint venture. Sales of goods and services to related parties and purchases of assets, goods and services from them were made under the Group's normal trading terms.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made and no expense incurred for doubtful debts in respect of the amounts owed by related parties.

The URENCO Group has provided a funding facility to the Enrichment Technology Company Limited. A short term loan receivable of €nil million was due from ETC as at 31 December 2013. Interest is charged at market rates.

17. Contingent liabilities

The Company is party to a number of composite guarantees of borrowings by certain of its subsidiaries which at the balance sheet date amounted to €1,652.1 million (2012: €1,420.9 million). The Directors do not expect any liability to arise under these guarantees.

18. Post balance sheet events

In the first half of February 2014, we issued a 7 year €750 million bond. At the same time we announced a tender offer which resulted in a repurchase of €170 million of our €500 million bond due in May 2015.

As of 4 March 2014, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2013 financial statements.

Notes

Glossary of terms

Areva
The French energy group.

Capital expenditure
Purchases of property, plant and equipment including prepayments relating to payments to ETC in advance of contracted cascade deliveries, which will be supplied in future periods.

Cascade
The arrangement of centrifuges connected in parallel and in series is termed a "cascade". In a uranium enrichment plant several cascades are operated in parallel to form an "operational unit" producing one U235 assay. Various operational units form one enrichment plant.

ChemPlants
URENCO ChemPlants, a subsidiary company of URENCO, is responsible for the construction and operation of the Tails Management Facility at URENCO's UK site at Capenhurst.

CNS
Capenhurst Nuclear Services Limited. This company has taken responsibility for storage of certain uranic materials on behalf of the Nuclear Decommissioning Authority at the Capenhurst facility in the UK.

Deconversion
This is the process of removing the volatile fluorine component from uranium hexafluoride to make stable uranium oxide (U3O8). URENCO has chosen to use U3O8 as the long-term retrievable storage form of uranium.

EBITDA
Earnings before interest (including other finance costs), taxation, depreciation and amortisation and joint venture results (or income from operating activities plus depreciation and amortisation, plus joint venture results).

Enrichment
The step taken in the nuclear fuel cycle that increases the concentration of U235, relative to U238, in order to make uranium usable as a fuel for light water reactors.

Enrichment Group
A collective name for URENCO Enrichment Company Ltd and its subsidiaries namely: URENCO UK Ltd (UUK); URENCO Nederland B.V. (UNL); URENCO Deutschland GmbH (UD) and URENCO Inc (UI).

ETC
Enrichment Technology Company Limited.

Euratom
The European Atomic Energy Community, established in 1957 by members of the European Union.

EUP
Enriched Uranium Product, i.e. UF6 enriched, typically, to between 3% and 5% U235 content.

Feed
Natural or reprocessed uranium, converted to UF6, and fed into the cascades for enrichment.

FFO/TAD
The ratio of Funds From Operations (FFO) to Total Adjusted Debt (TAD), where FFO is operating cash flow before working capital changes, and TAD is Net Debt plus Decommissioning and Tails provisions and Retirement Benefit Obligations.

Gas centrifuge
Gas centrifugation is a uranium enrichment process which uses the gas centrifuge to accelerate molecules so that particles of different masses are physically separated along the radius of a rotating container. This increases the proportion of the useful U235 isotope.

Global Reporting Initiative (GRI)
The GRI is the reporting framework which provides guidance on sustainability performance reporting.

IAEA
The International Atomic Energy Agency is the world's central intergovernmental forum for scientific and technical co-operation in the nuclear field.

IAS
International Accounting Standards.

IFRS
International Financial Reporting Standards.

Joint Committee
The committee of representatives of the governments of the Netherlands, the United Kingdom and Germany that oversees URENCO's compliance with the Treaty of Almelo.

Louisiana Energy Services LLC
Parent company for URENCO USA; 100% owned by the URENCO Group.

Net assets
Total assets less total liabilities.

Net debt
Loans and borrowings (current and non-current) plus obligations under finance leases less cash and cash equivalents.

Net finance costs
Finance costs less finance income.

Glossary of terms continued

Net interest
Net finance costs excluding income and costs on non-designated hedges and excluding capitalised borrowing costs.

Nuclear fuel supply chain
The multiple steps that convert uranium as it is extracted from the earth to nuclear fuel for use in power plants. Uranium enrichment is one step in the nuclear fuel supply chain.

Order book
Contracted and agreed business estimated on the basis of "requirements" and "fixed commitment" contracts.

Supplier of choice
Increasing available capacity and experience of new operating environments facilitates first class service delivery and the flexibility to meet the changing needs of our customers. This will enable URENCO to be considered the "supplier of choice" by our customers.

SWU
Separative Work Unit. The standard measure of the effort required to increase the concentration of the fissionable U235 isotope.

Tails (Depleted UF6)
Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of the U235 isotope.

Tails Management Facility (TMF)
The facility managed by URENCO ChemPlants that will manage the deconversion of tails to stable uranium oxide (U3O8). Currently under construction at URENCO's UK site in Capenhurst, UK, it will consist of a number of associated storage, maintenance and residue processing facilities to support URENCO's long-term strategy for the management of tails.

Treaty of Almelo
In the early 1970s the German, Dutch and British governments signed the Treaty of Almelo, an agreement under which the three partners would jointly develop the centrifuge process of uranium enrichment.

Treaty of Cardiff
In July 2005 the German, Dutch, British and French governments signed the Treaty of Cardiff, an agreement between the four governments to supervise the collaboration between URENCO and Areva in their joint venture, ETC.

Treaty of Washington
In July 1992 the German, Dutch, British and United States of America governments signed the Treaty of Washington, an agreement which was required in order to permit the establishment of the National Enrichment Facility.

tSW
Tonnes of Separative Work.

tSW/a
Tonnes of Separative Work per annum.

Turnover
Revenue from the sale of goods and services.

UEC
URENCO Enrichment Company Limited.

UK GAAP
The Generally Accepted Accounting Practice in the UK.

Uranium
A fairly abundant metallic element. Approximately 993 of every 1,000 uranium atoms are U238. The remaining seven atoms are U235 (0.711%), which is used in today's nuclear power stations to generate energy by fission.

Uranium hexafluoride (UF6)
All enrichment processes today work with gaseous material; therefore uranium is converted to UF6.

URENCO USA
URENCO'S enrichment facility in New Mexico, US, owned and operated by Louisiana Energy Services LLC.

USNRC
Nuclear Regulatory Commission – the United States Nuclear regulator.

U235
The fissionable uranium isotope found in natural uranium.

U235 Assay
The weight percent of U235 atoms in uranium presented as a percentage of U235 atoms divided by all uranium atoms.

U238
The non-fissionable uranium isotope that makes up most of natural uranium.

U3O8
Uranium oxide, the most stable form of uranium.

Working capital
Inventories, trade and other receivables, and cash and cash equivalents, less the current portion of trade and other payables.

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