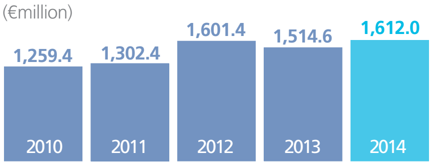
urenco

Annual report and accounts 2014

Our global role

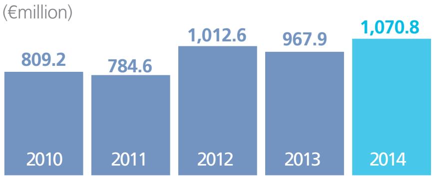
We have increased our global capacity to **18,100 tSW/a** at the end of 2014 compared to **17,600 tSW/a** at the end of 2013.

Revenue
(€million)



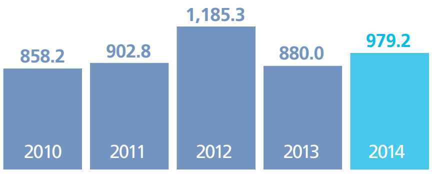
€1,612m

EBITDA
(€million)



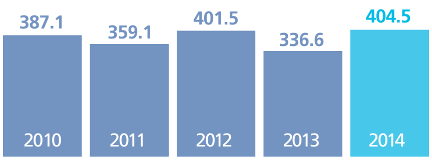
€1,071m

Cash generated from operating activities
(€million)



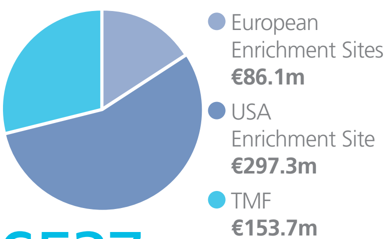
€979m

Net income
(€million)



€405m

Capital expenditure
(€million)

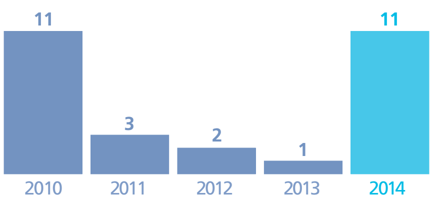


€537m

Operations

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

We had **eleven** Lost Time Incidents related to employees and contractors across our enrichment facilities and construction sites in 2014.



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

2025

Our global role

URENCO is a leading provider of uranium enrichment services to the world's nuclear energy industry.

With operations across four countries, we ensure our customers around the world receive safe and reliable supplies of enriched uranium to fuel civil nuclear reactors. Using centrifuge technology designed and developed by URENCO, we have provided quality and expertise for more than 40 years, helping our customers to meet global energy demands.

What we do

Our customers are utilities who provide low carbon electricity through nuclear generation. Our customers source the feed, uranium hexafluoride (UF_6), and we provide a service to enrich the material to meet their specifications enabling them to continue to the next stage of the nuclear fuel supply chain.

Our facilities

The URENCO Group has four uranium enrichment facilities. These are located at Almelo in the Netherlands; Capenhurst in the UK; Gronau in Germany and Eunice, New Mexico in the USA. Our Head Office is located close to London.

We are the only company in the world to operate enrichment facilities in four countries under four different regulatory regimes. This geographical reach and diversity of supply are distinct competitive advantages, enabling us to respond flexibly to the needs of our customers regardless of their location. We have a strong forward order book which allows us to plan production volumes many years in advance.

Our customers

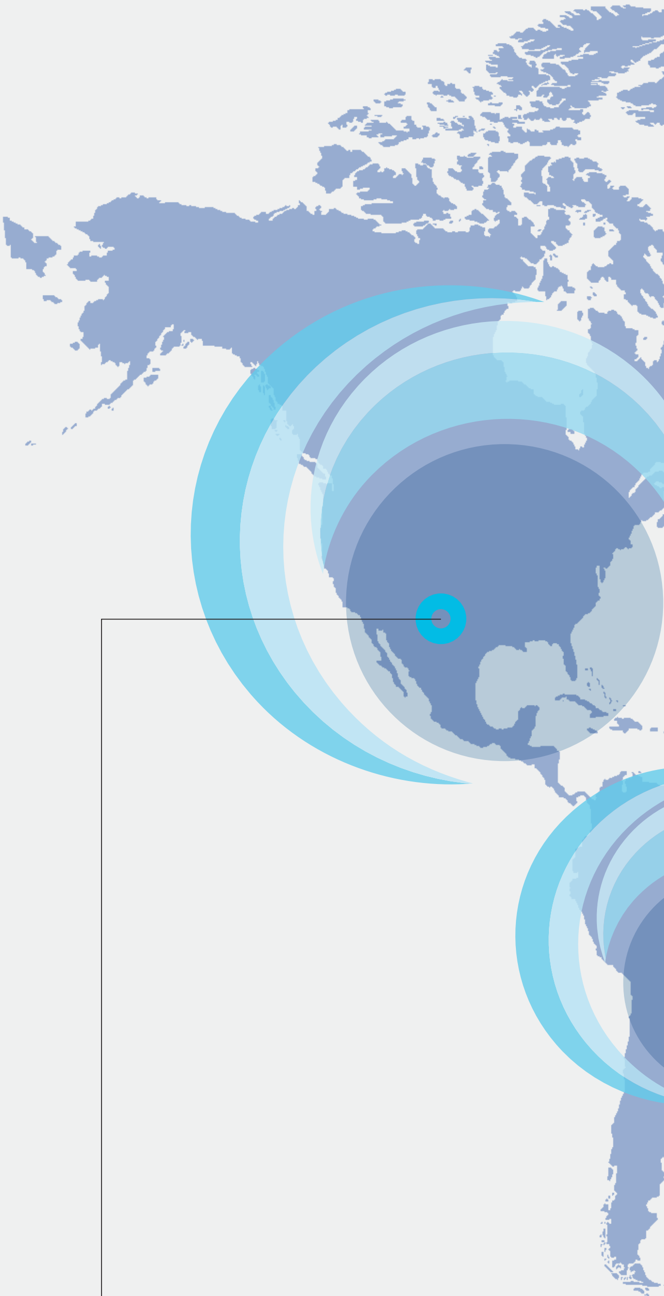
In 2014, the quality of our services and the strength of our customer relationships were analysed in our Customer Survey. Overall, 81% of URENCO customers said they were 'very satisfied' with their enrichment services, and 76% said they were 'very satisfied' with their relationship with URENCO.

The Treaty of Almelo

Our leadership position and longevity are underpinned by the Treaty of Almelo. Signed in 1970 by the British, Dutch and German Governments, the Treaty of Almelo laid the foundations for international co-operation. At its core was a commitment to promote the peaceful application of nuclear power and to harness atomic expertise for use in energy, science and medicine. It created a platform for the joint development of centrifuge enrichment technology and put robust safeguards in place to protect this technology from misuse and proliferation.

Since 1970, URENCO has developed in accordance with the terms and principles of the Treaty to become a market leader of enrichment services globally. As URENCO has grown, it has extended its international co-operation through treaties with the USA and France. By complying with these agreements and living our values (see page 6), we continue to focus on quality, reliability and the highest standards of uranium stewardship and corporate responsibility.

In 2013, our shareholders announced they were considering divesting their shares in URENCO, and discussions on a potential sale continued during 2014. The Treaty of Almelo provides a framework for the consistent operation of the Group, and any change in ownership would have to adhere to the provisions of this treaty and others, ensuring long-term continuity and stability for our business and our customers.



URENCO USA

Eunice, New Mexico – our American enrichment facility continues to bring capacity online. It currently stands at **3,700 tSW/a**.

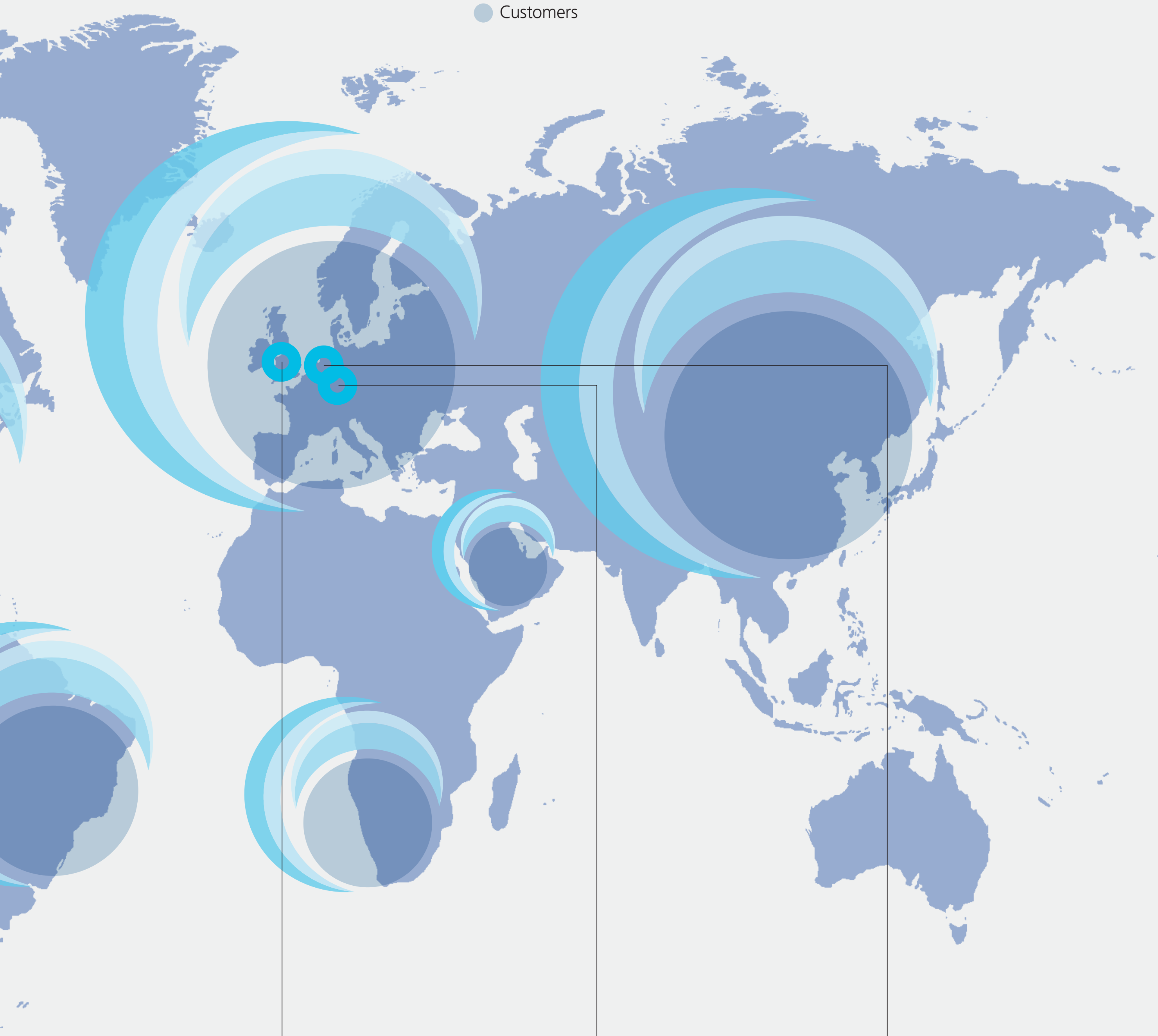
At a glance, global facts

4 Enrichment facilities

50 (more than) Customers

Our operations and customers

URENCO operations
Customers



URENCO UK
Capenhurst, United Kingdom – Our UK enrichment facility has a production capacity of **4,900 tSW/a**.

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

URENCO Nederland
Almelo, The Netherlands – our Dutch enrichment facility has a production capacity of **5,400 tSW/a**.

All site capacity data as at 31 December 2014.

1,500
Employees

19
Customer countries

18,100
Current production capacity (tSW/a)

Contents

Nuclear energy is a long-term business.

URENCO takes a long-term view of its operations. For us, this means leadership in uranium enrichment and stewardship and total commitment to our customers.

We play a key role in the production of fuel for the nuclear energy industry, enabling our customers to generate low carbon energy by providing them with uranium enrichment services. We build robust, long-term partnerships supporting customers to deliver on their goals and respond flexibly to their requirements.

The success of URENCO is underpinned by our people, in whom we continually invest to ensure we have the expertise and leadership to sustain our business long into the future. We have been operating successfully for the last 40 years and we continue to provide a safe, secure supply of enriched uranium in line with the requirements of our customers.

Chairman's Statement

URENCO recorded a strong financial and operational performance in 2014 and retained its share of the world market. This was achieved despite the global nuclear industry continuing to face numerous challenges including a slowdown in the nuclear market and pricing pressures. Throughout the year we focused on meeting our customers' needs by providing excellent service, quality product and on-time delivery.

Safety and uranium stewardship

Safety is a core part of our culture and one of our main strategic priorities. Throughout 2014 we implemented measures designed to enable us to operate at the highest levels of safety, including the launch of a Group-wide ZERO HARM campaign.

However, despite our continued focus on safety, in 2014 we experienced an increase in the number of Lost Time Incidents (LTIs) across the Group – recording eleven over the course of the year, compared to one in 2013. My Board colleagues and I are deeply disappointed at this increase in incidents, and in 2015 we will work to re-establish our previously low levels of LTIs. Indeed, reinforcing safe behaviour and targets across the Group will be the key focus in the year ahead.

Tails Management Facility

Addressing issues relating to the completion of our Tails Management Facility (TMF) was another major focus for URENCO in 2014. The TMF programme is a vital part of our commitment to responsible uranium stewardship, helping us to close the nuclear fuel cycle through the deconversion of uranium hexafluoride (UF_6). Once complete, the TMF will also enable us to recycle circa 5,000 tonnes of hydrogen fluoride (HF) a year for industrial use.

The TMF construction project is currently facing delays and cost pressures. In 2014 we created a new TMF project management team to take ownership of the work being carried out at our Capenhurst site in the UK.

Embedding sustainability

2014 was also a year in which we further embedded our sustainability commitments across the business. This work was overseen by a Board-level Sustainability Committee.

Skills development and education

We continued to invest in our employees' skills and development. In order to ensure we have the human capital and resources needed to sustain our business long into the future, and as part of our commitment to making URENCO an employer of choice, we conducted a range of training and development opportunities. More than 300 employees took part in leadership development training programmes as we continue to build our leadership strength and capabilities.

We expanded our schools outreach in the Netherlands, the UK, the USA and Germany, teaching school children about science using methods and materials that are designed to engage and inspire. In the UK, we partnered with leading organisations including the British Science Association to reach a wider audience, and our science educational programme was highly commended by a public relations body.

By engaging with a younger audience we are nurturing future industry talent and in 2014 we also focused on bringing new talent into our business and into the industry through our dedicated apprenticeship scheme.

I would like to thank Bernhard Fischer and Gerd Jaeger, who have stepped down as Non-executive Directors, for their long service to URENCO. I would also like to thank Marcel Niggebrugge for his service as CFO. I welcome Frank Weigand and Alan Bevan to the Board and on the Board's behalf, I would like to thank all of our employees for their dedication and commitment. One of our great strengths lies in our collective will and effort to deliver and always improve our service to customers. We look forward to the year ahead and to the long-term success of URENCO.

Sir John Hood KNZM
Chairman

The success of URENCO is underpinned by our people, in whom we continually invest to ensure we have the expertise and leadership to sustain our business long into the future.

Our Culture and Values

Our culture

URENCO company culture underpins our business model.

Our purpose	Our vision	Our mission
We play a key part in meeting the world's need for reliable, low carbon energy.	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 is to be the supplier of choice within our sector and a key contributor to sustainable energy.

Our duty to the Treaty of Almelo

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

Our five values

Inspired by our culture, 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.

Our Strategic goals

Strategic overview and pillars

URENCO's strategy is underpinned by a flexible business model, geographic reach and diversity of our supply.

Our five values of safety, integrity, flexibility, development and profitability guide the way 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 and a key contributor to sustainable energy.

Our five strategic pillars

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

Responsiveness

Customer-focused relationships

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

Again, in 2014 we met 100% of our customer delivery commitments.

International presence and collaboration

Geographic spread and reach

We maximise the advantage of our global presence to provide security of supply for our customers. URENCO always aims to share best practice and improve our processes and efficiencies. Our operations in Europe and the USA give us a unique advantage that supports us in serving more than 50 customers in 19 countries worldwide.

Our order book extends beyond 2025 and stands at €16 billion (2013: circa €17 billion).

Highly motivated and committed people

Talent and retention

To ensure we can build our strength as a global leader in enrichment services, we invest substantially in our peoples' skills and development. Our aim is to make URENCO an employer of choice. We are also committed to creating one URENCO: four enrichment facilities around the world with our dedicated, highly-skilled workforce united as one.

During 2014, more than 300 employees took part in leadership development training programmes.

Responsible long-term business

Sustainability

Sustainability goes to the very core of our business. For URENCO, sustainability means health, safety, environment, asset integrity, safeguards, security, ethical conduct and social performance. We are committed to continuous improvement in these areas. Our Sustainability agenda has Board-level support and is embedded across every aspect of our business.

In 2014, URENCO established a network of Sustainability Champions who are responsible for delivering on the initiatives across the Group.

URENCO's centrifuge technology

Over 40 years' operational experience

URENCO has successfully and reliably operated gas centrifuge technology for more than 40 years. Our experience and expertise enables us to operate our technology efficiently and effectively, which means we can provide a flexible and responsive service to our customers worldwide.

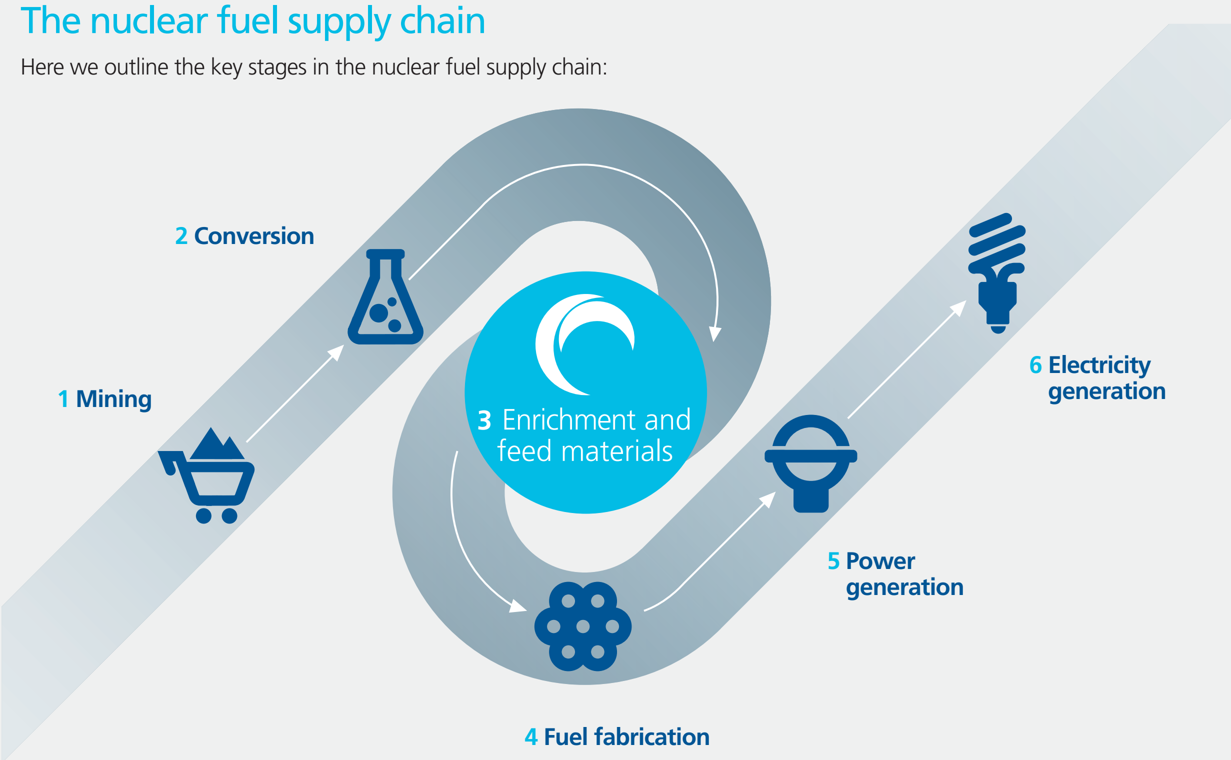
We are making better use of our resources to deliver uranium feed.

Our role in the nuclear fuel supply chain

URENCO has a key role in the global nuclear fuel supply chain. We use centrifuge technology to provide uranium enrichment services to customers who then generate electricity using nuclear energy.

The nuclear fuel supply chain

Here we outline the key stages in the nuclear fuel supply chain:



1 Mining

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

2 Conversion

Uranium oxide is chemically converted into uranium hexafluoride (UF_6) and transported to one of our enrichment facilities.

3 Enrichment and feed materials

The enrichment process starts with the arrival of customers' uranium hexafluoride (UF_6) at our enrichment facilities. We heat UF_6 to turn it into a gas and feed it into our gas centrifuges. The centrifuge separates the two isotopes contained in uranium, U_{235} and U_{238}. The lighter U_{235} 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 enrichment services.

4 Fuel fabrication

The customers' enriched uranium is transported to fuel fabricators, where it is converted into pellets before being loaded into fuel rods.

5 Power generation

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 steam, which in turn drives turbines which power generators.

6 Electricity generation

At the end of the nuclear fuel supply chain, the nuclear power plants provide a secure source of low carbon energy – generating electricity for homes, schools, hospitals, offices and industries around the world.

Key components within the supply chain

URENCO works with a range of fuel cycle participants including miners, converters, fuel fabricators and nuclear transport companies.

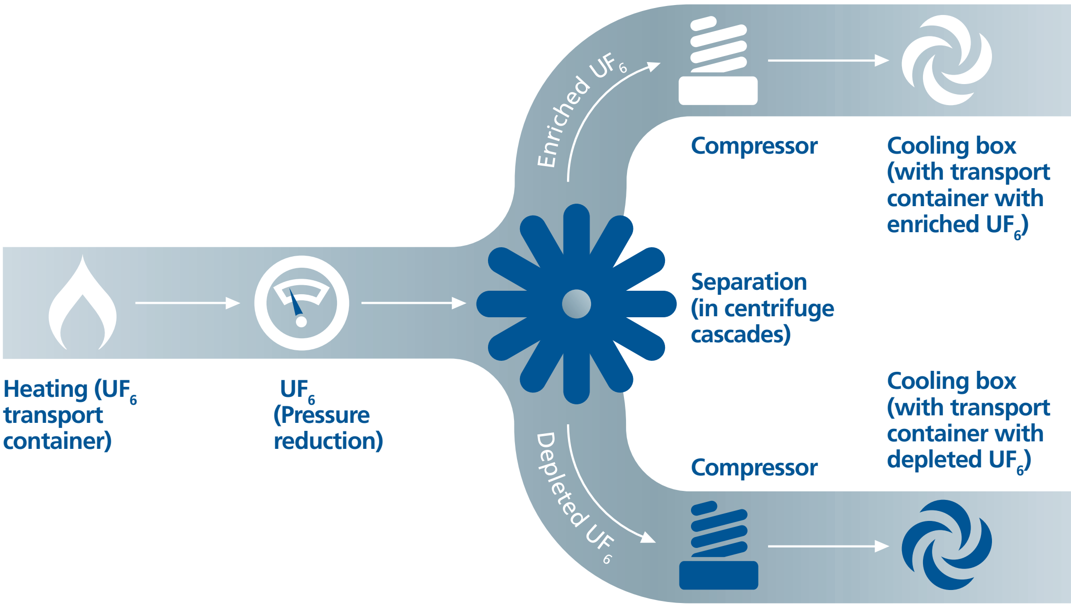
Managing risk and sustainability in the supply chain

We adhere to International Atomic Energy Agency (IAEA) guidelines and all other national and international regulations regarding the transportation of fissile material, and we go beyond regulatory requirements in aspects of our own logistics procedures.

Our uranium enrichment process

URENCO's part in the process starts with the delivery of customers' uranium hexafluoride (UF_6) to our enrichment facilities. UF_6 is the most suitable form of uranium for enrichment because it is easily turned into a gas when heated.

A closer look at the enrichment process



Heating UF_6 to turn it into a gas

UF_6 is delivered to our enrichment facilities in internationally standardised transport containers by approved suppliers.

UF_6 is solid at ambient temperature. At our enrichment facility we connect the transport container holding UF_6 to the plant feed system. It is then heated in order to vaporise the UF_6 and turn it into gas at sub-atmospheric pressure.

Spinning UF_6 at high speed to enrich it

We feed the UF_6 gas into a centrifuge casing containing a cylindrical rotor which spins at high speed, separating uranium's two isotopes. The heavier isotope U_{238} is forced closer to the wall of the rotor than the lighter U_{235}. As a result, the UF_6 gas closer to the wall is depleted of U_{235} and the UF_6 gas nearer the rotor axis is slightly enriched in U_{235}. We repeat the process over and over again in a series of centrifuges, known as cascades, until we achieve the desired levels of U_{235} enrichment to meet our customers' specifications.

Compressing and cooling the enriched uranium

The enriched uranium (UF_6 containing up to 5% of the U_{235} isotope) is fed from the centrifuge cascades into a compressor and then into a cooling box containing a cylinder. As it cools, the UF_6 vapour solidifies in cylinders. We homogenise the cylinders and check the quality of a sample before delivery to customers.

We weigh 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).

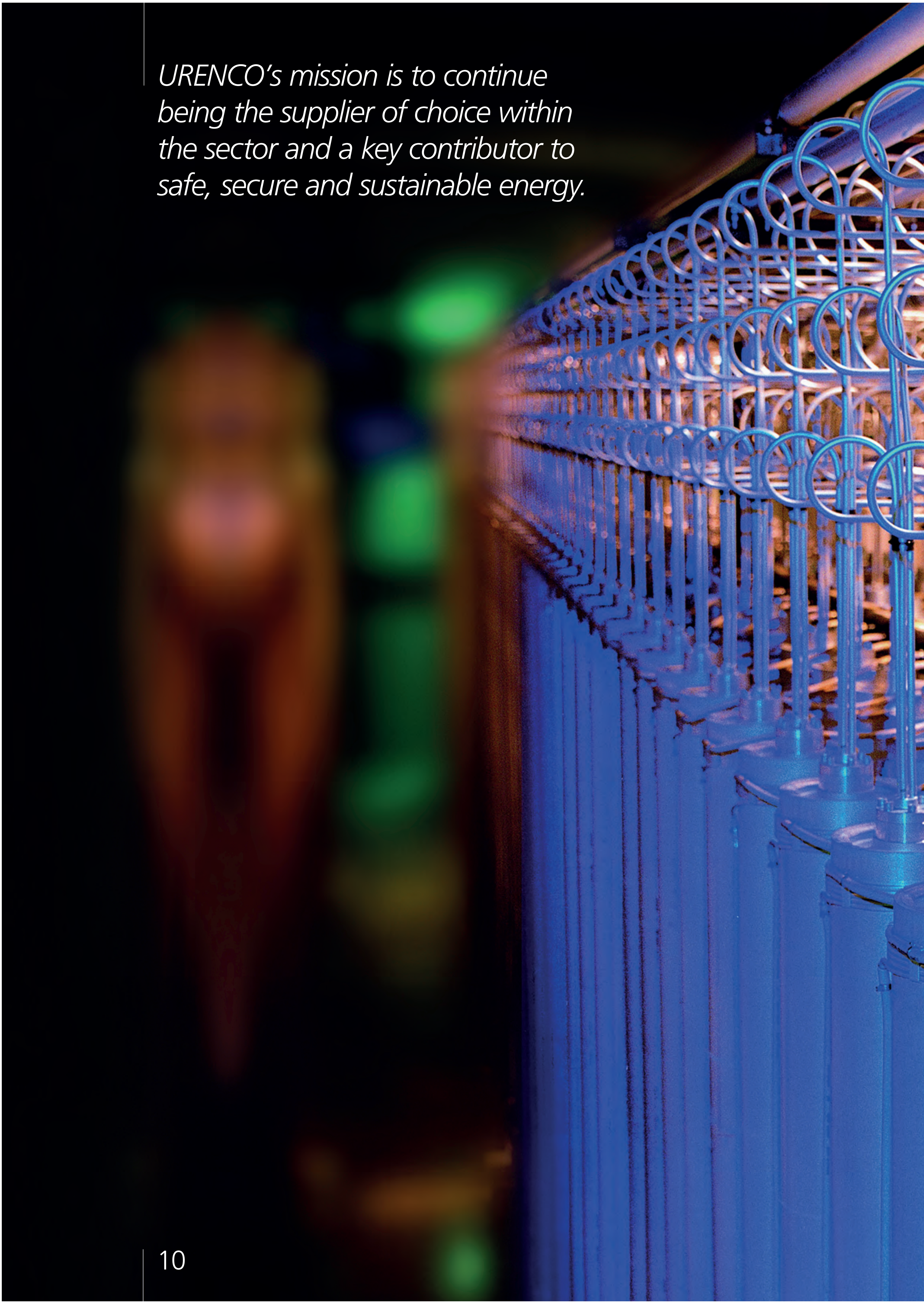
Storing and converting depleted uranium

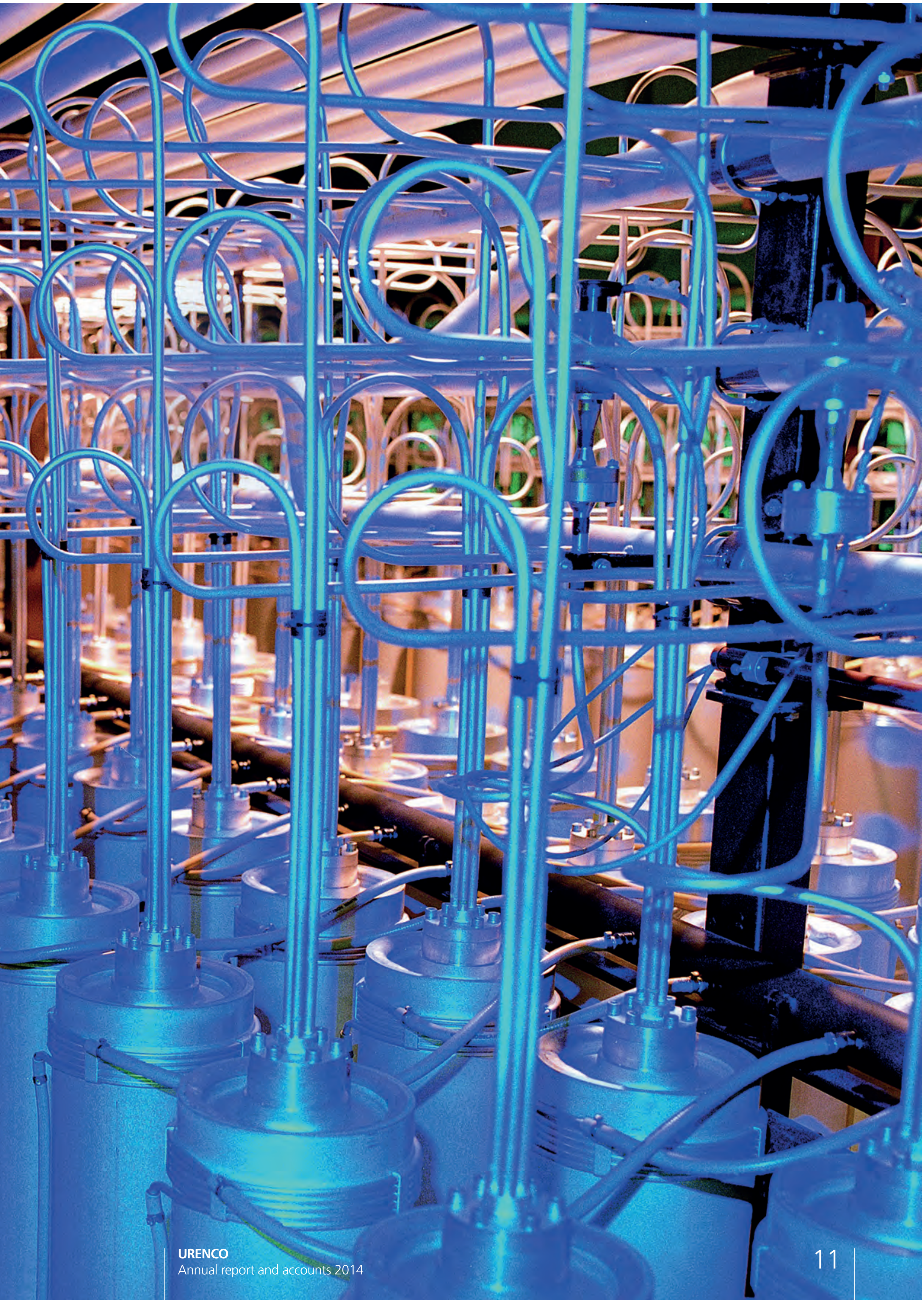
The UF_6 gas closer to the wall in the centrifuge is partially depleted in U_{235}. This by-product is known as 'tails'. We collect and cool tails in a cooling box containing a cylinder, weighing it to ensure all material can be accounted for. Tails still contain a low concentration of U_{235} and can be re-enriched if economically viable.

We store tails at our enrichment facilities in internationally approved containers pending deconversion to a chemically stable form – uranium oxide (U_3O_8) – for long-term storage.

As well as storing tails at our facilities, we currently contract a third party to chemically convert depleted UF_6 into U_3O_8. We are constructing our own Tails Management Facility to convert UF_6 to U_3O_8. This conversion process additionally creates hydrofluoric acid, a valuable chemical used globally by industry.

URENCO's mission is to continue being the supplier of choice within the sector and a key contributor to safe, secure and sustainable energy.





Chief Executive Officer's review

URENCO's mission is to continue being the supplier of choice within the sector and a key contributor to safe, secure and sustainable energy. Here, our Chief Executive Officer, Helmut Engelbrecht, answers questions about URENCO's performance in 2014 and the company's role in the uranium enrichment industry.

How did URENCO perform in 2014?

Our financial and operational performance in 2014 exceeded management expectations. Our revenue in 2014 increased to €1,612.0 million (2013: €1,514.6 million) due to additional SWU revenue of €100.5 million, offset by feed revenue being €3.1 million lower than 2013. EBITDA of €1,070.8 million was 10.6% higher than 2013 (2013: €967.9 million) due to higher sales with a higher EBITDA margin of 66.4% (2013: 63.9%), as a result of lower operating costs and net foreign exchange gains. To ensure our share of the world market remained stable we continued to focus on meeting the needs of our customers and reinforcing our strategic partnerships with them.

We have a good financial standing in light of our performance over the past 12 months. In November 2014, Standard & Poor's revised its outlook on URENCO to stable, as did Fitch in December 2014, while we retained a stable outlook from Moody's. In addition, in February 2014 we successfully issued a €750 million bond, and in December 2014, a €500 million bond.

URENCO focuses on consistently demonstrating excellent customer service, and we have built strong relationships with our customers to ensure we deliver to their expectations. This year, as in previous years, we have continued to meet all customer deliveries on time and to a high standard. Our Global Customer Survey, completed in September 2014, showed us that customers think we listen well and understand their needs, and that our company values resonate strongly with them.

As the safety of our employees, contractors and visitors is of primary importance, during 2015 we will continue to reinforce behavioural safety and targets with employees and contractors across the Group.

In 2014 we also made good progress with our Phase III capacity expansion project in the USA – part of the biggest capital investment in the history of the Group. The first 50% of Phase III capacity is scheduled to be fully operational by the end of 2015, increasing site capacity to 4,700 tSW/a. A phased installation of the remaining capacity is planned to start in 2016 to reflect the current market conditions, with the total anticipated capacity not being reached until into the next decade. Meanwhile our order book, although it has declined in the face of the market downturn, remains strong, extending beyond 2025. The order book at 31 December 2014 was €16 billion (2013: €17 billion) reflecting the long-term nature of our business and providing a stable platform for the future.

Safety is a key priority across the URENCO Group. As a crucial element of URENCO's culture, we always seek to operate to the highest standards of safety, environmental and security requirements. Over the past few years we had managed to decrease the number of Lost Time Incidents (LTIs), but this year I am disappointed to report that despite continued focus on safety we experienced a significant increase in the number of LTIs to eleven, compared to one in 2013. Of these LTIs, four related to employee activities and seven were contractor related. As the safety of employees, contractors and visitors is of primary importance, during 2015 we will continue to reinforce behavioural safety and targets with employees and contractors across the Group.

The construction of URENCO's Tails Management Facility (TMF) has been delayed, and we now anticipate commissioning will take place in 2017. The project has incurred cost overruns and delays and a revised programme is being developed. The resolution of issues relating to this project is a top priority, so in 2014 we created our own TMF project management team to take charge of the day-to-day work on site. This team is working in partnership with our contractors, with all parties fully committed to bringing this facility into operation.

Why is nuclear such an important part of the energy mix?

Nuclear power plays a key role in meeting the low carbon energy demands of the world's growing population – to help produce food and create clean water; to power our industries and our lives.

World energy consumption is expected to increase by 56% by 2040[1]. Electricity demand is increasing twice as quickly as overall energy use, with demand projected to rise by more than two-thirds by 2035[2]. To put it into context, 42% of primary energy consumed in 2012 was converted into electricity[3]. In developed countries, consumers need energy to enjoy the benefits of everyday modern technology. In the developing world, where currently some 1.3 billion people have no access to electricity[4], energy is needed to help improve social resilience, eradicate poverty and drive economic development.

Whatever the energy requirements of countries and individuals, nuclear power – which currently provides around 11% of the world's electricity[5] – offers a clean and reliable solution. Of course, other energy sources have an important part to play in a balanced energy mix – but baseload nuclear power can ensure continuity and security while providing low carbon electricity.

We seek to adapt our processes to benefit customers in different markets and parts of the world. In developing economies, for example, we hope in the future to provide fuel for Small Modular Reactors (SMRs) that provide energy in areas with no established electricity, transport and distribution infrastructure. In this way, through the current generation of larger reactors and evolving SMR technology, nuclear can meet present and future market needs.

[1] *EIA: http://www.eia.gov/todayinenergy/detail.cfm?id=12251*
[2] *World Nuclear Association: http://www.world-nuclear.org/info/Current-and-Future-Generation/World-Energy-Needs-and-Nuclear-Power/*
[3] *WNA: http://www.world-nuclear.org/info/Current-and-Future-Generation/World-Energy-Needs-and-Nuclear-Power/*
[4] *World Energy Outlook 2014, November 2014, Global Energy Trends to 2040, http://www.worldenergyoutlook.org*
[5] *World Nuclear Association: http://www.world-nuclear.org/info/Current-and-Future-Generation/World-Energy-Needs-and-Nuclear-Power/*

Helmut Engelbrecht
Chief Executive Officer

"Nuclear power plays a key role in meeting the low carbon energy demands of the world's growing population"

Chief Executive Officer's review continued

Despite the current slowed pace, we believe that the nuclear industry will continue to grow in the future and form an ever more crucial part of the global energy mix.

What are the main challenges in the nuclear market?

The nuclear market currently presents numerous challenges for URENCO and our customers. We have experienced a reduction in demand and an increase in worldwide inventories over the last few years. Other challenges include competition from shale gas, new suppliers into the market, and the ongoing political debate following events in Japan in 2011. With uncertainty still surrounding the timing of reactor re-starts in Japan, worldwide inventories continue to build up creating an oversupply of enriched uranium and consequently pricing pressures. These factors, coupled with slowdown and nuclear phase-out in countries such as Germany, Switzerland and Belgium, make it a very challenging environment in which to operate. Cheap fossil fuel and an abundance of electricity from subsidised generation sources are increasingly challenging for our customers - nuclear electricity generators.

For me, sustainability underpins the long-term success of the company. To achieve this we need to continue practising the sustainable behaviours that are already an established part of our culture.

In response, URENCO continues to commit to providing the best possible customer support and service. We view the present downturn as an opportunity to reassess our operations and how we can improve efficiencies. Rather than concentrate solely on enrichment services, we are making better use of our resources to deliver uranium feed.

We have continued the restructuring process at our joint venture Enrichment Technology Company (ETC) as announced in 2012 in order to better suit current and future expected market conditions. We are reducing operations and workforce at ETC during the first half of 2015 while ensuring we retain the necessary skills and expertise to continue to meet customer requirements for centrifuge technology.

Additionally, we are optimising our assets and exploring new markets – for example, the Middle East – while developing our employees to make sure we have the best people in place to drive our business forward.

What are URENCO's main areas of focus in terms of research and development?

URENCO carries out research and development (R&D) in order to optimise the efficiency and reliability of our processes and to support the global growth of nuclear energy. We invest in R&D as part of our long-term commitment to the nuclear industry and the global community, focusing on safety and uranium stewardship as well as the provision of enrichment services.

During the past year, the development of SMRs has gained traction and we are exploring how we can further adapt our technologies to meet these kinds of evolving market requirements. We focus on continuous improvements in everything we do and in particular, how we can enhance our services to our customers.

What does 'sustainability' mean in the context of URENCO's role and operations?

Sustainability is embedded within our business.The enrichment of uranium is sustainable for generations to come. Efficiency has always been critical to URENCO's operations, which by their very nature have to be safe and cost-effective. While this has always been a key part of URENCO, we have recently raised sustainability higher up the corporate agenda and given it Board-level support within the Group.

For me sustainability underpins the long-term success of the company. To achieve this we need to continue practising the sustainable behaviours that are already an established part of our culture – good health and safety, good training and efficient operations. Over time, strong financial and commercial performance will determine the sustainability of URENCO, ensuring that we continue to support our customers in the long-term.

What are URENCO's priorities for the year ahead?

The ongoing construction of our Tails Management Facility (TMF) in the UK will be a major focus. URENCO acknowledges its responsibility for the safe stewardship of uranium and its by-products, and our TMF project will enable us to deconvert uranium hexafluoride (UF_6) and store uranium oxide (U_3O_8). The scale of the facility means we will be able to process URENCO's European inventory of depleted uranium by-product. It is a core part of our commitment to reducing our environmental impact and closing the nuclear fuel cycle.

The ongoing improvement of cost management and efficiencies across the Group is critical. In 2015 we will continue to look at how we can optimise costs in all areas – for example, focusing on emissions reductions in transport and enhanced efficiency in our use of resources across our plants.

As we come to the end of our rapid capacity expansion in the USA, our priority will be to ensure a continued smooth and efficient transition from a construction project to a fully operational enrichment facility. There will be an additional focus on asset integrity, upgrade and improvement of specific facilities at our UK operations and across the Group.

Having a strong customer focus will, of course, continue to be a priority, and we will look at how we can respond to the recommendations for change and improvement we received in our 2014 Global Customer Survey results – for example, increasing awareness of our uranium feed offer.

Have there been any changes in URENCO's leadership team?

Marcel Niggebrugge retired from his role as CFO on 31 October 2014, a position he has held on a fixed term basis since 2012. I would like to thank Marcel for his support during his tenure, and to welcome his successor, Ralf ter Haar. I also thank Gerd Jaeger and Bernhard Fischer for their service to URENCO as Non-executive Directors and welcome two new members to the URENCO Board, Alan Bevan and Frank Weigand.

Helmut Engelbrecht
Chief Executive Officer

"Efficiency has always been critical to URENCO's operations, which by their very nature have to be safe and cost-effective."

Our markets

As a global leader in enrichment services, URENCO supplies more than 50 customers in 19 countries. We can provide a reliable source of enriched uranium for the operational lifetime of their reactors.

Our geographical spread and diversity of supply locations enable us to respond flexibly to demand across a range of markets – something that was identified as particularly important to customers in our 2014 Global Customer Survey.

The global nuclear market

The current uncertainty in Japan and the phase-out of nuclear power in Germany has led to a slowdown in the global nuclear market, resulting in increased worldwide inventories and pricing pressures.

But despite these current conditions, demand in the nuclear sector is expected to grow in the medium to long-term and nuclear power generation is predicted to increase by 60% between 2012 and 2040.[6]

There are currently 437 operational nuclear power reactors in 30 countries around the world, with 70 under construction in 14 countries.[7] As of January 2015, 15 countries have set down specific plans or proposals to introduce nuclear power for the first time, while of the 30 countries already operating nuclear power plants, 12 are constructing new ones and 16 are planning to construct further plants.[8]

These developments demonstrate the sustained appetite for nuclear, which is widely recognised to be a stable source of competitively-priced, low carbon energy which can provide a reliable supply of base-load electricity. As growth continues in the global market, we will be well positioned to meet the resulting demand.

The USA is the world's largest nuclear power producer and accounts for more than 30% of worldwide nuclear generation of electricity.

[6] *World Energy Outlook 2014 (p.27) - http://www.worldenergyoutlook.org/*
[7] *WNA: http://www.world-nuclear.org/info/Facts-and-Figures/World-Nuclear-Power-Reactors-and-Uranium-Requirements/*
[8] *WNA: http://www.world-nuclear.org/info/Facts-and-Figures/World-Nuclear-Power-Reactors-and-Uranium-Requirements*

Our markets around the world

The principal markets in which we operate are:

Europe

The European market is varied and evolving. Of the 437 nuclear plants currently in operation globally, 185 are located in Europe – as are the only four countries in the world to receive more than 50% of their power from nuclear sources.[9]

New reactors are being built or planned in Finland, the UK and Slovakia[10], while several European countries – such as Belarus, Poland and Turkey – have been identified as candidates for nuclear energy.[11]

Elsewhere Germany, Belgium and Switzerland are due to phase out nuclear between 2022 and 2035. In response to the political decision in Germany to phase out nuclear power generation, the first closure of a nuclear plant occurred in 2011 with further closures due to begin in 2015 through to 2022.[12] While these changes present various challenges, Germany accounts for less than 1% of URENCO's order book and its phase-out is already assumed in our projections.

North America

The USA is the world's largest nuclear power producer and accounts for more than 30% of worldwide nuclear generation of electricity.[13] As such, it continues to be a key market for URENCO. We operate the only civil enrichment facility in the USA, and our plant in New Mexico plays a vital part in supplying nuclear fuel within the region.

North America is a relatively stable market with certain reactor closures balanced by new build projects. With abundant fossil fuel resources, competition from shale gas and new suppliers in the market, the economics of some nuclear stations in this region are being challenged.[14] With 100 reactors already in operation, six new plants may come online by 2020.[15] We continue to discuss with our customers opportunities to offer them enrichment services from the USA.

Middle East and Asia

There is strong potential for growth across the Middle East and Asia. The UAE is progressing well with its new build programme and has four new reactors due for completion by 2020[16]. Other countries in the Middle East and Asia have also announced plans to develop nuclear energy. China currently has 21 nuclear reactors in operation[17] and aims to quadruple its capacity by 2020[18], but is committed to self-sufficiency in most aspects of the fuel cycle. India is another potential growth market in this region, but certain regulatory issues need to be resolved before sale discussions can take place.

South America and South Africa

We continue to develop long-term relationships with customers in South America and South Africa, which we view as potential growth markets for URENCO.

Brazil has two nuclear reactors in operation and plans to bring four more online in the 2020s.[19] In South Africa, commitment to nuclear new build is strong, with plans to install 9.6GW of nuclear energy capacity within the next decade.[20]

Future plans

In response to the uncertainty surrounding reactor restarts in Japan and the build-up of worldwide inventories, URENCO has slowed its capacity expansion and increased conservation of uranium feed. We are also exploring new markets in the Middle East and Asia.

Capacity tSW/a

	2014	2013
URENCO Nederland	5,400	5,400
URENCO UK	4,900	4,900
URENCO Deutschland	4,100	4,100
URENCO USA	3,700	3,200
Total	**18,100**	**17,600**

Increase in capacity = **500 tSW/a (3%)**

[9] *IAEA, cited in: http://www.power-eng.com/articles/npi/print/volume-7/issue-3/nucleus/market-overview-europe.html*
[10] *WNA: http://www.world-nuclear.org/info/Current-and-Future-Generation/Plans-For-New-Reactors-Worldwide/*
[11] *WNA: http://www.world-nuclear.org/info/Country-Profiles/Others/Emerging-Nuclear-Energy-Countries/*
[12] *WNA: http://world-nuclear.org/info/Country-Profiles/Countries-G-N/Germany/*
[13] *WNA: http://www.world-nuclear.org/info/Country-Profiles/Countries-T-Z/USA--Nuclear-Power/*
[14] *WNA: http://www.world-nuclear.org/info/Country-Profiles/Countries-T-Z/USA--Nuclear-Power/*
[15] *WNA: http://www.world-nuclear.org/info/Country-Profiles/Countries-T-Z/USA--Nuclear-Power/*
US EIA (April 2014): http://www.eia.gov/tools/faqs/faq.cfm?id=207&t=3
[16] *WNA: http://www.world-nuclear.org/info/Country-Profiles/Countries-T-Z/United-Arab-Emirates/*
[17] *WNA: http://www.world-nuclear.org/info/Country-Profiles/Countries-A-F/China--Nuclear-Power/*
[18] *WNA: http://www.world-nuclear.org/info/Current-and-Future-Generation/Plans-For-New-Reactors-Worldwide/*
[19] *WNA: http://www.world-nuclear.org/info/Country-Profiles/Countries-A-F/Brazil/*
[20] *Global Construction Review: http://www.globalconreview.com/markets/electrification83737367363636363636363636-africa/*

Our operations in Europe and the USA give us a unique advantage that supports us in serving more than 50 customers in 19 countries worldwide.

Principal risks and uncertainties

Risk management and mitigation is a key area of focus for URENCO. Across all areas of URENCO, we work hard to raise risk awareness and we have developed a range of measures to help identify, manage and mitigate potential risks and threats which could impact our business.

Our approach

Robust risk management is at the centre of our business ethos and operations. It is a vital component of our global leadership within the nuclear industry. As part of our Governance, Risk and Control framework, we follow best practice and ensure we comply with the rigorous legal requirements under which we operate.

Within URENCO we have several specialist functions that provide guidance, tools and support on all risk-related issues. Principal among these is our Group Business Assurance function, which is responsible for risk management and business continuity. Within this function, we have a dedicated risk management team that identifies and evaluates the potential impact on the business and develops risk management and mitigation strategies. Additionally, all our sites hold risk registers which are monitored regularly through scheduled meetings and forums, enabling us to share risk management information, ideas and advice throughout the Group.

Operating in a heavily regulated industry, we focus on managing and mitigating risks through continuous identification, analysis, evaluation and response. Our Risk Management Committee reviews the Group's top risks, their controls and planned actions, and reports back to the Audit Committee and Board on a regular basis.

Our Risk Management framework is based on a three staged approach:

First stage

Operational management

The operational management team is tasked with identifying and assessing risks on an ongoing basis and is responsible for implementing and maintaining appropriate controls aligned to Group Policies and Procedures.

Second stage

Risk management & Compliance

The Audit Committee oversees the effective operation of the Company's risk management framework. The Group Business Assurance function provides the necessary expertise to support the implementation and compliance with the risk management policies and procedures across the business.

Third stage

Governance

Our Internal Audit function provides independent assurance on the first and second stages of defence.

During the year the Board has also considered the nature and level of risk that we are prepared to accept in order to deliver our business strategies. The Board considers that the principal risks to achieving its strategic aims are set out here. The present uncertainty and slowdown in the global nuclear market continue to cause pricing pressures.

In addition to our flexibility, our key strengths continue to be our global reach and the diversity of our supply locations. Our shift into increased uranium feed conservation presents an opportunity to diversify our service offer.

1 Safety

Description

Across the URENCO Group we seek to operate to the highest standards of safety. Risks arise from the processing of uranic material and the inherent dangers of operating heavy machinery.

Mitigation

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

We focus on continuous improvement and the detection and remediation of potential hazards before incidents have a chance to occur. We also meet or exceed regulatory requirements and follow regulatory protocols for the safe handling of uranium and other chemicals. By adhering to best practice in this area we continually seek to ensure minimal impact to employees, contractors, the public and the environment.

2 Markets

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 all our customers. Our global diversification and flexible plant structure ensure we are responsive to customer demands, making us confident of a robust order book.

3 Asset integrity

Description

Poor maintenance of assets can result in the failure of plant components or systems.

Mitigation

In 2014 as part of our asset integrity programme we commissioned an in-depth review of our asset integrity. Actions are now in progress to ensure the robustness of our asset integrity procedures and controls supported by an ongoing compliance programme to monitor the effectiveness of controls. Following the events in Japan in 2011, our sites have undergone 'stress tests' designed to ensure all facilities handling nuclear materials are doing so safely and securely.

4 Safeguards

Description

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

Mitigation

URENCO works 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 is applied to all companies handling uranium to ensure non-proliferation and prevent the misappropriation of fissile material.

We take a rigorous accounting and audit approach to the uranic materials we keep on site, and consistently meet the stringent inspection criteria set by IAEA and EURATOM.

5 Security

Description

Each year URENCO processes thousands of tonnes of uranium and operates sensitive gas centrifuge enrichment technology. We 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 increasing threat of cybercrime to the energy sector, ensuring protection of our operations, investment, materials and technology.

Mitigation

We are required to comply with all applicable national and international security requirements. We screen all personnel and ensure controlled access to sites.

To help combat the less defined but evolving threat of cybercrime, we are able to access expert strategic advice from government bodies – for example from GCHQ in the UK and the Department of Homeland Security in the USA. Cybercrime is one of the principal risks we face, and in 2014 we continued to monitor our exposure carefully and take action across the organisation.

6 Transport

Description

URENCO works with third party suppliers who transport natural uranium and enriched UF_6 on behalf of our customers. The risks we face are non-compliance with IAEA regulations, and accidents resulting from unsafe behaviour when handling materials.

Mitigation

The safe behaviour of our transportation partners is guided by the standards we set at URENCO. Such standards reduce the risk of an accident or the misappropriation of sensitive materials.

We only place contracts with approved companies and ensure we perform regular contract and performance monitoring audits. We adhere to IAEA guidelines and all other national and international regulations regarding the transportation of fissile material, and we go beyond regulatory requirements in aspects of our own logistics procedures.

Principal risks and uncertainties continued

7 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 government can bring about a change in policy, while unanticipated events can also change policy direction.

Mitigation
URENCO continually monitors nuclear policy around the world and engages with policy makers on a regular basis.

8 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
URENCO maintains compliance activities across the business. Our strong relationships with government regulators are managed locally by the heads of compliance at our production sites, while we also maintain good dialogue with regulators including the IAEA. All learning elicited from our engagement with regulators is then shared across the URENCO Group through internal workshops and communications. Our focus on innovation and performance enables us to guide and share best practice across the industry as a whole.

9 Pricing

Description
Uranium enrichment remains a long term business and 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 energy market pressures could drive prices below the level needed to sustain the ongoing investment in enrichment capability and threaten future centrifuge innovation and development.

Mitigation
Our long-term contracts with customers incorporate agreed forward pricing, mitigating short-term price risk.

10 Currency Exchange Rates

Description
The Group's income is principally received in euros and US dollars, while our cost base is principally euros, sterling and US dollars. Our 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 in US dollars.

11 Interest rates

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

Mitigation
To manage our interest costs, we adjust the proportion of our fixed rate to floating rate borrowings by the use of interest rate swaps. We have taken advantage of recent low interest rates to issue fixed rate bonds.

12 Liquidity

Description
The requirements of business operations mean that cash funds are important to ensure sufficient funding is in place.

Mitigation
We regularly forecast the cash requirements of the business including projected cash flows from operations, projected capital expenditure, and the maturity of existing borrowings. Our Treasury department manages liquidity risk by ensuring that adequate medium-term committed funding is always available to meet our needs.

13 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
URENCO actively monitors the creditworthiness of commercial counterparties and has a set of limits with different levels of authority for sign off. We also incorporate appropriate credit protection clauses in all customer contracts to ensure payment protection. Our exposures to financial counterparties are managed through a counterparty credit exposure policy which sets credit limits based on counterparties' credit ratings.

14 Project Management

Description
URENCO is committed to the ongoing investment in its physical infrastructure to ensure it has the capability and capacity to meet its current and future needs. Given the size and complexity of our projects there is a risk that we do not select the right project delivery strategies to ensure the effective management of project costs, schedule, quality of design, construction and commissioning.

Mitigation
URENCO undertakes project reviews with contractors with a view to ensuring that projects are kept to time and budget. Risk-based performance parameters are established on a project by project basis and are made available to management. Individual contract terms and conditions can incentivise contractor performance.

Each year URENCO successfully and reliably processes thousands of tonnes of uranium using its own gas centrifuge enrichment technology. We ensure the security of uranic material and our own technology and assets.

Being a responsible, sustainable business is a fundamental part of URENCO's global leadership in enrichment services.

Embedding and managing sustainability

We play a key role in the production of low carbon nuclear power, helping to meet global energy demands and provide low carbon energy.

Any business aiming to play a long-term positive role in the world must live up to its corporate responsibilities. This is a view we know is shared by our customers, with 95% of those questioned in our 2014 Customer Survey saying that a supplier's approach to corporate responsibility was 'important' to them.

In order to meet our responsibilities, we have sought to embed sustainability across every aspect of our business, guided by our firm belief that good corporate citizenship goes hand in hand with long-term commercial success.

In recent years we have made significant progress in the way we manage sustainability at URENCO. In 2013 we established a Board-level Sustainability Committee to oversee our work in this area. The Sustainability Committee meetings are attended by site managers as well as Head Office representatives. This enables our sustainability agenda to be successfully embedded across all areas of the business.

Sustainability data is collated and interrogated quarterly reflecting and monitoring our progress. The data is shared on a quarterly basis with URENCO's executive management team. Managing Directors of each enrichment facility are accountable for the sustainability performance of their sites, with additional accountability assigned to sponsors of each focus area within the sustainability strategy.

Key performance measures, as well as URENCO's annual Sustainability Report, were approved by the Sustainability Committee in 2014.

Our sustainability strategy

Our sustainability strategy guides the way we manage and demonstrate our commitment to responsible business across URENCO. We focus on six key areas of sustainability:

- Managing health, safety, safeguards and security
- Minimising our environmental impact
- Being considered the supplier of choice
- Developing our position as an employer of choice
- Supporting education, cultural and community projects
- Asset integrity.

Managing health, safety and security

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

Health

We place great emphasis on the health and general wellbeing of our employees and contractors who work for us in Germany, the Netherlands, the UK and the USA. This commitment ranges from the necessary checks and precautions that are part of our business, through to initiatives to help minimise workplace stress, including flexible working and encouraging employees to participate in fitness – for example through subsidised gym memberships. In the USA, almost 75% of our workforce now takes part in our Employee Wellness Screening programme, which includes regular blood tests and general health checks, while we also offer health improvement incentives for all employees at our USA site. In Germany employees are able to participate in weekly fitness activities at a local physiotherapy centre.

We also contribute to medical research and treatment around the world. Stable Isotopes, one of URENCO's business units, harnesses our centrifuge technology and enrichment processes for use in industry, medicine and science. Each year, more than one million patient treatments are performed using radioactive sources made from Stable Isotopes' enriched materials, while approximately 100,000 people in the Europe, Middle East and Africa (EMEA) region benefit from radioactive diagnostics produced from Stable Isotopes' products. Stable Isotopes also donates enriched zinc isotopes to institutes that research in the area of nuclear medicine.

Safety

Safety is our number one priority and focus across the Group. In 2015, a significant focus will be given to behavioural safety with employees and contractors across the Group due to an increased level of LTIs in 2014.

As with each of our five key areas of sustainability, URENCO sets the overarching principles and each of our enrichment facilities is responsible for managing safety at source in line with local jurisdictions. Each facility runs training programmes and safety procedures to ensure compliance, embed best practice and encourage further improvements. We report on 'near misses' to discourage unsafe practices and ensure we avoid incidents that could compromise safety in the future. In support of these commitments, in April 2014 we launched a Group-wide ZERO HARM campaign, the aim of which is to further enhance our efforts to keep our people safe.

In 2014 we had eleven Lost Time Incidents (LTIs) compared to one in 2013. Of these LTIs, four related to employee activities and seven were contractor related.

It is disappointing to note that our LTIs increased this year. Further focus will be given to reinforcing safe behaviour and targets with our employees and contract companies working at our facilities to help ensure we keep the occurrences of LTIs to an absolute minimum.

Employee and contractor LTIs 2009-2014

	Number
2014	11
2013	1
2012	2
2011	3
2010	11
2009	16

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.

Our enrichment sites have rigorous measures in place to ensure their security. Each visitor to the site must undergo a screening process in advance of their visit. All visitors check in at the main reception where they present photographic identification before receiving a name badge with photo ID and undergo an induction programme. They must be accompanied by a URENCO employee for the duration of their visit, and no cameras or recording equipment are permitted on the site. Visitors who do not comply with the requested security measures are not allowed on site.

Minimising our environmental impact

Minimising our environmental impact goes hand in hand with our long-term commitment to a low carbon energy future. Our ongoing efforts and initiatives include developing and reviewing environmental objectives; minimising waste and our use of natural resources; engaging our employees on environmental issues and assessing the environmental credentials of potential partners and suppliers where possible.

We are firmly committed to leading the way in responsible uranium stewardship and have several subsidiaries dedicated to overseeing our work in this area. These include URENCO ChemPlants Limited, which is responsible for the construction of our Tails Management Facility (TMF) in the UK and Capenhurst Nuclear Services Limited (CNS).

The TMF (see page 29 for more information) will enable us to deconvert our by-product, tails, from UF_6 to U_3O_8 within the Group. In turn, it will enable us to recycle circa 5,000 tonnes per year of hydrogen fluoride (HF) for industrial use. As a result we will also be able to reduce the quantity of UF_6 tails we hold on our sites.

In the UK, our subsidiary CNS takes responsibility for the storage of certain uranic materials on behalf of the Nuclear Decommissioning Authority (NDA). Additionally, we are in the process of creating a Decommissioning Fund to ensure there are finances available to meet our future decommissioning liabilities. In 2014, we focused on building a governance framework for the fund.

Energy savings and CO_2 reduction

Our commitment to energy saving is spearheaded by a Group-wide Energy Savings Group.

In 2014, we carried out a range of initiatives designed to improve our energy saving performance. The Energy Savings Group is tasked to drive accountability and action across the Group.

In Germany, we piloted new and more efficient cooling systems to help reduce peak energy consumption. The new systems have the potential to save up to 1.5 GWh per year and if successful, the potential for efficiency improvement will be investigated across the whole Group. Our German enrichment facility also introduced ultrasound testing for compressed air pipes to help identify leaks and reduce energy wastage, and continued to implement the voluntary Eco-Management and Audit Scheme (EMAS) to improve overall environmental performance, having been first validated in 1996.

We carried out optimisation initiatives to help reduce the carbon emissions arising from our transportation of uranium. In the USA, this meant increasing the number of cylinders on trucks, while in Europe we continued to combine deliveries and pick-ups to ensure we limit the number of empty vehicles on the road at any time. We are currently reviewing our CO_2 emissions per kilometre by road and sea and will report in 2015.

Details of our CO_2 emissions are available in our Sustainability report 2014.

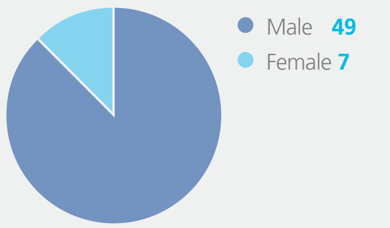
Gender split

As of 31 December 2014

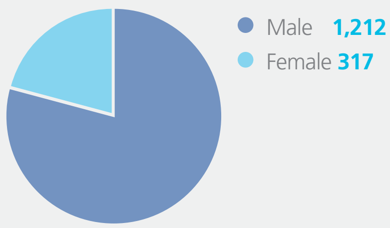
The number of persons who were Directors of URENCO Limited

9 (male)

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



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

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Through our Richie science workshops, we inspire primary school children to experience and learn about science in a fun and interactive way.

Being considered the supplier of choice

URENCO has always believed that building long-term relationships with our customers lies at the core of our sustainable business. Being considered a supplier of choice is the mark of this commitment.

Our customers choose us for a number of reasons – namely our reliability in meeting their delivery requirements, our diversity of supply and our ability 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. In 2014, our latest Global Customer Survey confirmed URENCO as one of the most favourably-regarded companies by our customers – having received an excellent response rate of 85%. Key results from the Survey include:

- Strong customer satisfaction with URENCO's enrichment services: 81% 'very satisfied'
- Strong customer satisfaction with their relationship with URENCO: 76% 'very satisfied'

We are committed to maintaining this high level of customer engagement and satisfaction in 2015 and beyond.

Developing our position as an employer of choice

Dedication

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.

In 2014 we began to roll out our new Group-wide initiative to focus on establishing a consistent way of doing business in those areas that are most important to URENCO's success. This initiative focuses on engaging all employees with our core values and the URENCO sustainability programme and on establishing a set of common URENCO standards to be used across our enrichment facilities. These initiatives are being communicated through roadshows, site visits and executive management communications.

Satisfaction

In 2013, we completed our third Group-wide employee survey. 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. These scores were also above the external benchmark.[21] 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. In 2014, we devised new site specific action plans and implemented recommendations arising from the survey results, looking in particular at areas where respondents identified room for improvement. We will conduct another employee survey in 2015.

Development

We invest a great deal in developing the skills and potential of our people. We need the best people operating at the highest level of their abilities to ensure continual excellence in business performance and customer service. At our USA enrichment facility, for example, we have introduced the URENCO University to enable every employee to gain a better understanding of the enrichment process.

We run leadership development training programmes across the Group, designed to develop leadership skills and capabilities. During 2014, 32 employees took part in Germany; 45 employees took part in the Netherlands; 164 in the UK (48 from the UUK site in Capenhurst and 116 from Head Office) and 111 in the USA. Across the Group, these programmes are enabling employees to further develop their management and leadership skills.

Performance

We manage performance systematically across the Group. Through our Performance Management System, we set annual expectations for each employee; identify areas for improvement; outline plans for future roles and consider 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 and diversity

We focus on bringing new talent into our business in a number of ways, including apprenticeships. In 2014, we recruited 12 apprentices.

Improving the diversity of our global workforce is very important to us. We are currently collecting data on diversity across the Group.

Supporting education, cultural and community projects

Our Stakeholder Engagement Policy guides our engagement with our stakeholders and further information is available in the Sustainability Report. Building strong links with the local communities where we operate is a core aspect of our sustainability programme and one of our principal responsibilities as an industry leader.

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 our industry peers can be confident of having enough good people to sustain our success.

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

Through our Richie science workshops in the Netherlands, the UK, the USA and Germany, we inspire primary school children to experience and learn about science in a fun and interactive way. Our aim is to use Richie to nurture the young engineers and scientists of the future.

The Richie programme was highly commended by a public relations body in the UK and the success of the initiative allowed us to share the Richie workshops even further in 2014, by partnering with the British Science Association (BSA) to include Richie as part of its CREST Star framework.[22] This rollout of a Richie-inspired programme across the UK enables a greater number of pupils to understand the enrichment process and how this links into nuclear energy and the wider

[21] *The external benchmark is a comparison with Effectory International's Global Employee Engagement Index for the regions where URENCO is active (US and Europe).*

[22] *CREST Star is a UK-wide award scheme enabling children, usually aged 5-11, to solve science, technology, engineering and maths (STEM) problems through practical investigation.*

concepts of energy and electricity. Group-wide in 2014, more than 17,000 pupils participated in our science workshops bringing the total number of pupils who have participated since the programme began to more than 60,000.

Our connections with educational institutions include:

- Research programmes at The University of Manchester, Dalton Nuclear Institute
- Research support for the Technical University of Delft in the Netherlands
- A partnership with RWTH Aachen in Germany
- Scholarships at New Mexico Junior College, USA, for students pursuing an Associate of Applied Science in Energy Technology

Additionally, we increase understanding of our business and the benefit of nuclear energy through visits to our enrichment facilities. We receive on average 8,800 visitors at our enrichment facilities' visitor information centres each year. In 2014, we continued to host visits from local interest and community groups, government representatives, industry peers and customers across all URENCO sites.

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

Across the URENCO Group our different businesses forge strong links with and make long-term contributions to the local communities in which they operate.

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

Across the Group, URENCO supports its local communities through both practical and financial support and we actively encourage our people to contribute to their own communities. We will be giving each employee one day (eight hours) a year to dedicate to specific community initiatives as of January 2015.

Our employees consistently support a range of community projects and charitable organisations, including home renovations for elderly people and fundraising in support of local children.

Regularly meeting with representatives from local residents' groups and engaging with schools and charities, our employees take part in a host of initiatives ranging from sponsored runs to community farm projects.

Asset integrity

The smooth, ongoing running of our plant components, systems and infrastructure is vital to the success of our business. URENCO runs a rigorous asset integrity programme designed to maintain exceptional operational standards. This provides a strong foundation for the other core areas of focus in our business.

At the heart of URENCO's strategy

As URENCO is a long term business, it is imperative to ensure the multiple elements of our business function efficiently now and in the future. As such, asset integrity lies at the very heart of URENCO's overall strategy. This is also why asset integrity is a core element of the terms of reference of the Board-level Sustainability Committee, signifying the importance with which it is treated.

Asset integrity audit

In 2014, we implemented common URENCO standards and conducted a Group-wide asset integrity audit of those standards as well as our operational assets. The audit was conducted in a structured and formal way using internal and external resources to compare all assets across the Group, while also peer reviewing our sites to help us achieve an industry-wide perspective.

Global approach

As we come to the end of our rapid capacity expansion at our newest facility, in the USA, our priority will be to ensure a continued smooth and efficient transition from a construction project to a fully operational enrichment facility. As such, there will be an additional focus on asset integrity, upgrade and improvement of the specific facilities at our UK operations, and across the Group.

Strategic report

Major Capital Expenditure Initiatives

URENCO continues to invest in the long-term nature 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 investment programme.

In 2014, URENCO completed Phase II of its capacity expansion project at URENCO USA, ahead of schedule and on budget. We are progressing well with the construction of Phase III at our USA facility and we expect the first 50% of capacity to be fully operational by the end of 2015, increasing site capacity to 4,700 tSW/a. A slowed expansion of the remaining capacity is planned to start in 2016 to reflect the current market conditions, with the total anticipated capacity not being reached until into the next decade.

In 2010 we received regulatory and planning approval to develop a Tails Management Facility (TMF) at our UK site for the storage, processing and de-conversion of depleted uranium hexafluoride (UF6), or 'tails'. Once complete, the TMF will enable us to recycle circa 5,000 tonnes of hydrogen fluoride (HF) a year for industrial use.

URENCO ChemPlants Limited, a wholly-owned subsidiary, is responsible for the build and operation of the TMF which will process URENCO's European inventory of depleted uranium by-product. The TMF has generated sustainable jobs for more than 80 employees and hundreds of contractors are now involved in the project.

Construction is currently delayed and we are facing cost overruns. In 2014 we created our own TMF project management team to take charge of the day-to-day work being carried out at our Capenhurst site in the UK.

We plan to commission the TMF in 2017. As the deconversion activities to be performed by the TMF will form a fundamental part of the enrichment business, and its cash flows are inextricably linked to the European enrichment sites, we have changed the way we report on operating segments to include the TMF within the enrichment operating segment.

Group Finance Report

Increased deliveries in 2014 resulted in improved sales and EBITDA compared to 2013.

Results for 2014

Revenue

Revenue in 2014 was €1,612.0 million, compared to €1,514.6 million in 2013. This year-on-year increase of €97.4 million was due to additional SWU revenue of €100.5 million resulting from additional deliveries of 472tSW, offset by feed revenue being €3.1 million lower than 2013.

EBITDA

EBITDA of €1,070.8 million was 10.6% higher than 2013 (2013: €967.9 million) due to higher sales and higher EBITDA margin of 66.4% (2013: 63.9%), as a result of lower operating costs and net foreign exchange gains.

Net income

Net income was €404.5 million (2013: €336.6 million), 20.2% higher than 2013, mainly due to increased EBITDA and lower income tax expense, offset by higher net finance costs.

Depreciation was €417.9 million in 2014 compared with €396.8 million in 2013. The higher depreciation was primarily driven by new capacity coming online in the USA.

Net finance costs were €131.7 million (2013: €94.4 million). This increase is mainly a consequence of significant strengthening of the US dollar against the euro.

Joint venture

ETC has continued 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 centrifuge technology in the future. It is anticipated that restructuring will be substantially complete by the first half of 2015.

EBITDA performance

	2014 €m	2013 €m	% increase
Income from operating activities	652.9	558.3	17%
Add back: depreciation and amortisation	417.9	396.8	
Add back: share of results of joint venture	0.0	12.8	
EBITDA	1,070.8	967.9	11%

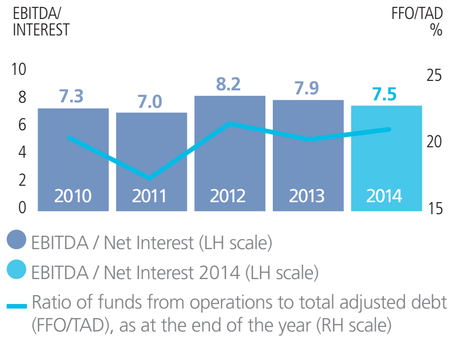
Cash flow

Operating cash flows before movements in working capital were €1,132.7 million (2013: €1,035.0 million) and cash generated from operating activities was €979.2 million (2013: €880.0 million), as a result of higher revenues.

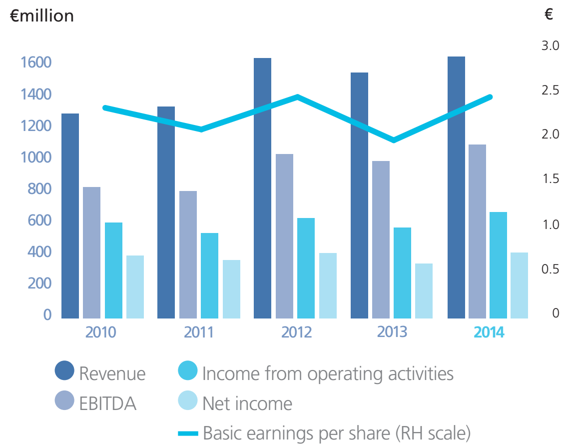
Net cash flow from operating activities increased in 2014 to €833.5 million (2013: €744.3 million), due to higher revenues partially offset by higher tax paid in the period of €145.7 million (2013: €135.7 million).

In 2014, €340.0 million in dividends was paid to shareholders (2013: €270.0 million).

Five year summary funding ratios



Financial performance



Capital expenditure

We have a long-term investment programme of capacity expansion across different sites. In 2014 capital expenditure was €537.1 million (2013: €586.8 million). This reflects a reduction in investment at our USA enrichment site, and a slight reduction in investment at our TMF site to €153.7 million in 2014 (2013: €163.8 million).

Capital structure

The Group's equity increased to €2,145.1 million during the year (2013: €1,980.7 million), due to increased retained earnings of €30.4 million, a decrease in hedging reserves of €139.5 million, and an increase in foreign currency translation reserves of €273.5 million mainly due to the weakening of the Euro against the US Dollar.

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).

Net Debt has increased to €2,774.0 million (2013: €2,574.6 million). The Group's Net Debt to Total Asset ratio remained strong and, at 38% (2013: 41%), is in line with the Group's target ratio of less than 60%.

The Group targets an FFO/TAD ratio that results in a strong investment grade credit rating. The FFO/TAD ratio was consistent with the prior year at 20.8% (2013: 20.6%) as both EBITDA, the main component of FFO, and Net Debt have increased (see page 93).

Group pension funds

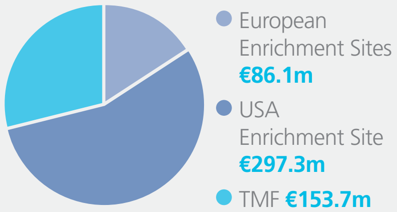
We operate a number of pension schemes for our employees in Germany, the Netherlands, the UK and the USA. These are a mixture of defined contribution and defined benefit schemes. Entrance to the UK defined benefit scheme has been closed to new starters since 2009.

The net liability for the Group's defined benefit pension schemes at 31 December 2014 was €101.6 million (2013: €57.3 million). This increase is primarily due to the increase in the fair value of plan assets of €91.0 million not being sufficient to offset the €135.3 million increase in the present value of the defined benefit obligation, which has mainly increased due to the reduction in the discount rates used in all countries in which the Group operates defined benefit schemes.

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.

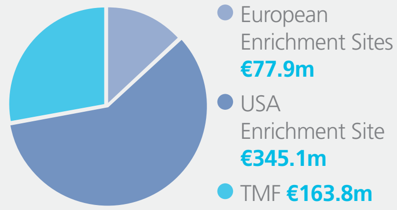
2014 Capital expenditure

(€million)



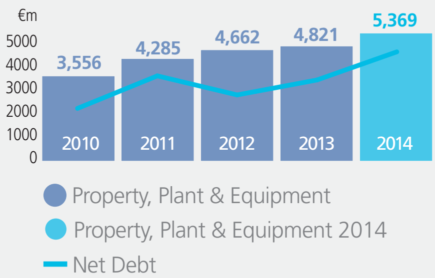
2013 Capital expenditure

(€million)



Property, Plant & Equipment vs Debt

(€million)



Group Finance Report continued

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 €14.8 million (2013: €17.1 million) due to the installation of additional plant and machinery of €6.4 million (2013: €12.9 million) and additional container purchases of €8.4 million (2013: €4.2 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 UF_6 to U_3O_8), long-term storage and eventual disposal. Additional tails provisions recognised in the year were €149.2 million (2013: €127.0 million) with the increase due to higher production rates of tails. Provisions utilised are slightly lower at €48.3 million (2013: €49.8 million) due to decreased deconversion activity.

Further information on nuclear provisions is on pages 101 and 102.

Order book

The value of URENCO's order portfolio on a comparable basis at 31 December 2014 was €16 billion (2013: €17 billion). URENCO continues to have long-term visibility of future revenue with an order book which extends beyond 2025.

Funding position

In February 2014, we issued a 7 year €750 million bond with a 2.5% coupon and maturity date of 2021. 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. In December 2014, we issued a €500 million bond with a 2.375% coupon and maturity date of 2024.

As a result of strong cash flow generation from operations, and proceeds from the bonds raised in 2014, liquidity remains strong, with cash and short term deposits totalling €522.3 million (2013: €90.2 million), and €750 million of undrawn revolving credit facilities.

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.

Funding programme

At the end of 2014, our total committed borrowing facilities were €4.0 billion (2013: €3.1 billion).

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.
- Manage debt maturities by raising funds in advance of ultimate repayment dates of debt instruments.

The average time to maturity of the Group's debt at 31 December 2014 was 5.4 years (2013: 4.8 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. The Group smooths the impact of changes in foreign exchange rates by using a progressive rolling programme of buying and selling currency over a period of up to six years ahead.

URENCO has a stable future revenue stream that is managed using a portfolio of financial 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 movements on the ineffective portions of effective revenue hedges was a net finance cost of €23.3 million (2013: net finance income of €6.1 million).

Euro to dollar exchange rates and URENCO hedged rates

The Group's hedging policy has been set on a six year rolling basis (see page 95 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.

Volatility arises from the translation of working capital elements as the Group has companies with different functional currencies.

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

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

URENCO Group Financial Policy Statement

The Financial Policy of the Group defines the broad parameters for financing the company and has the agreement and support of all of our shareholders.

The Group will finance itself through a combination of equity, including retained reserves and debt. For these purposes, long term unfunded decommissioning liabilities are treated as debt. URENCO Limited cannot issue new equity without the agreement of all of its shareholders.

In order to achieve an efficient financial profile, the gearing level and financial ratios will be maintained to retain a solid investment grade credit rating for the Group.

At all times, the Group will maintain sufficient liquidity to ensure that it is a going concern and will manage the composition of its debt to minimise risks from market deterioration in liquidity, interest rates or currencies. Detailed treasury management policies set parameters for the management of these risks.

Dividend policy

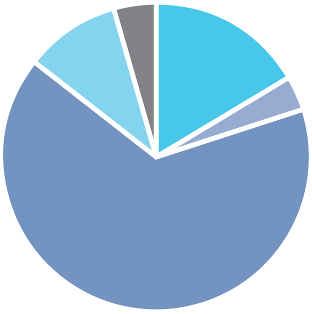
The Group will aim to pay dividends out of its annual earnings. The dividend shall be set to take account of net profits, cash flows, reserves and the level of credit ratios. Until financial ratios comfortably exceed the minimum threshold for BBB+ at S&P and Baa1 at Moody's, the annual dividend will not exceed 100% of the net income for the year. A lower dividend may be set when credit ratios, cash flow or funding conditions dictate that this is necessary and, equally, a higher dividend may be declared when the minimum thresholds of the key financial ratios are comfortably exceeded.

In 2014, €340.0 million in dividends was paid to shareholders (2013: €270.0 million).

Outlook

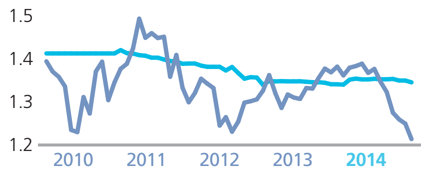
Pricing pressures are expected to continue in the short term with the slowdown of the nuclear market and worldwide inventories increasing. However, we expect long term growth and we therefore continue to invest in enrichment capacity in the USA. We will also continue the planned investment in the Tails Management Facility at our UK site.

Funding facilities at 31 December 2014
(€million)



- EIB **(€545m)**
- European Private Placements **(€112m)**
- Eurobonds **(€2,155m)**
- US Private Placements **(€330m)**
- Other loans **(€138m)**

Hedged and monthly exchange rates



- $ to € exchange rate
- Average rate of hedges in place

The Strategic Report was approved by the Board of Directors on 4 March 2015 and signed on behalf of the Board by:

Sir John Hood KNZM
Chairman

Throughout the year we focused on meeting our customers' needs by providing excellent customer service, quality product and on time delivery.

The Board of Directors

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1. Sir John Hood

Chairman
Year Of Birth 1952

Sir 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 WPP plc, and as Chairman of Matakina Limited and of Study Group Limited.

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

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

Sir John joined the URENCO Board in January 2012.

2. Helmut Engelbrecht

Chief Executive Officer
Year Of Birth 1952

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. Helmut joined URENCO in 2003 and was appointed CEO in January 2005. He joined the URENCO Board in April 2003.

3. Ralf ter Haar

Chief Financial Officer (from 1 November 2014)
Year Of Birth 1965

Ralf ter Haar joined URENCO in June 2014 and was appointed Chief Financial Officer (CFO) of URENCO Limited in November 2014. He joined URENCO from NXP Semiconductors N.V., where he held the position of Senior Vice President and Corporate Controller. Prior to joining NXP in 2009, Ralf served as Alcatel-Lucent's CFO for the Asia Pacific Region, based in Shanghai, and its Global Head of Trade & Project Finance, based in Paris. Ralf started his career in banking, with ABN AMRO, where he held various positions in the investment banking division as well as the international network. He holds an MSc in economics and an LLM in business law from the Erasmus University in Rotterdam.

Ralf joined the URENCO Board in November 2014.

4. George Verberg

Deputy Chairman and Chairman of Remuneration and Appointments Committee
Year Of Birth 1942

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.

5. Stephen Billingham

Chairman of Audit Committee
Year Of Birth 1958

Stephen is Executive Chairman of Punch Taverns plc, one of the UK's largest leased public house operators. He is also a Non-executive Director of Anglian Water Services Ltd.

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.

6. Victor Goedvolk

Non-executive Director
Year Of Birth 1944

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.

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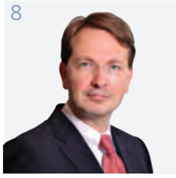
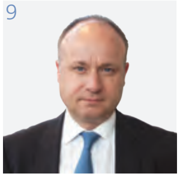
8 
9 
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7. Richard Nourse

Non-executive Director
Year Of Birth **1964**

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.

8. Frank Weigand

Deputy Chairman (from 1 November 2014)
Year Of Birth **1966**

Frank Weigand completed his PhD in Physics at the Max-Planck-Institute for Polymer Research in Germany in 1996. He joined McKinsey in 1996, holding senior positions in serving clients on strategic, organisational and operational issues across Europe and in Asia. Frank was also a member of the leadership group of McKinsey's 'Electric Power and Natural Gas', 'Cement' and 'Operations' practices.

In 2001, he became Director of Strategy and Quality Management at RWE Systems in Dortmund, Germany. In 2005 he was appointed Director of Corporate Planning and Controlling at RWE Power AG before becoming Vice President Controlling for RWE Group. From 2010 to 2012 he was CFO of RWE npower plc in Swindon, UK. Since 2013, Frank has been CFO of RWE Power AG and RWE Generation SE. He joined the URENCO Board in November 2014.

9. Alan Bevan

Non-executive Director (from 26 February 2015)
Year Of Birth **1967**

Alan Bevan joined E.ON SE in January 2010 as Vice President in the M&A department and became Senior Vice President and Global Head of Mergers & Acquisitions in December 2010.

Previously, Alan was responsible for Strategy and M&A at E.ON's UK subsidiary.

Alan joined the URENCO Board in February 2015 and is a member of the Remuneration and Appointments Committee.

10. Marcel Niggebrugge

Chief Financial Officer (until 31 October 2014)
Year Of Birth **1950**

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 and joined the URENCO Board on the same date. He also currently holds various Non-executive Directorships.

11. Gerd Jaeger

Deputy Chairman (until 31 October 2014)
Year Of Birth **1951**

Gerd graduated in mechanical engineering from the University of Aachen researching 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.

12. Bernhard Fischer

Non-executive Director (until 25 February 2015)
Year Of Birth **1955**

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. From 1 January 2010 to March 2014 he was Chief Executive Officer of E.ON-Generation GmbH, being responsible for operation of the whole E.ON Generation Fleet. He currently supports E.ON as special advisor to the Group CEO in Nuclear and Safety. He joined the URENCO Board in April 2008.

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 Square
London EC4A 3BZ

Consolidated Group Financial Statements

For the year ended 31 December 2014

Governance and financial statements

Corporate Governance

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, Sustainability, 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 UK Corporate Governance Code ("the code") sets out Principles of Good Corporate Governance and Code Provisions which are applicable to listed companies incorporated in the UK. As a non-listed company, URENCO is not subject to the UK Corporate Governance Code, however we recognise the value of applying the principles of the code where appropriate and proportionate and have endeavoured to do so where practicable.

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 2014 financial year were:

Non-executive Directors

- John Hood
  Chairman
- George Verberg
  Deputy Chairman and Chairman of the Remuneration and Appointments Committee
- Stephen Billingham
  Chairman of the Audit Committee
- Victor Goedvolk
- Richard Nourse
- Frank Weigand
  Deputy Chairman (from 1 November 2014)
- Alan Bevan (from 26 February 2015)
- Gerd Jaeger
  Deputy Chairman (until 31 October 2014)
- Bernhard Fischer (until 25 February 2015)

Executive Directors

- Helmut Engelbrecht
  Chief Executive Officer
- Ralf ter Haar
  Chief Financial Officer (from 1 November 2014)
- Marcel Niggebrugge
  Chief Financial Officer (until 31 October 2014)

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 2014, the Board met nine times.

Each year the Board holds one of its meetings at an enrichment facility. In 2014 that meeting was held at URENCO Nederland.

Board meetings attendance

	Number of meetings (reflecting the number of meetings held while in office)	Meetings attended
John Hood	9	9
Helmut Engelbrecht	9	9
George Verberg	9	9
Bernhard Fischer	9	9
Victor Goedvolk	9	9
Stephen Billingham	9	8
Richard Nourse	9	8
Gerd Jaeger	8	8
Marcel Niggebrugge	8	8
Frank Weigand	1	1
Ralf ter Haar	1	1

Board committees

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

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[23]).

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 Treaty of Almelo 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.

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

Audit Committee Report

Chairman's Statement

Stephen Billingham

Chairman, Audit Committee

I am pleased to present the report of the Audit Committee for 2014.

The Audit Committee of URENCO Limited plays a critical role in ensuring high quality financial reporting and providing assurance to the Board on the effectiveness of the internal control environment. In this report the Committee is required to provide a description of the key activities it has performed and an overview of those significant issues it has considered during the course of the year.

The Committee is a committee of the Board of Directors of URENCO Limited. Its role is to monitor, on behalf of the Board, the Group's financial reporting, the integrity of its financial statements and the effectiveness of its risk management processes and systems of internal control. The Audit Committee provides updates and, where appropriate, recommendations to the Board on these matters.

At the end of 2014, Thomas Beermann retired from the Audit Committee after more than four years of service. I and my fellow Audit Committee members wish to thank Thomas for his contribution to the Committee. Frank Weigand was appointed to the Audit Committee on 3 December 2014.

Duties

In accordance with its terms of reference, the Committee's key responsibilities include, but are not limited to:

- Monitoring the integrity of the financial statements and the appropriateness of accounting policies.
- Reviewing significant financial reporting topics and judgements contained in the financial statements.
- Approving, on the Board's behalf, the half year financial statements.
- Reviewing the annual report and accounts and advising the Board that they are fair, balanced and understandable.
- Reviewing the systems of internal control and risk management.
- Monitoring and reviewing the external auditor's independence, objectivity and effectiveness and recommending to the Board external audit fees for approval and the appointment of auditors each year.
- Monitoring and reviewing the effectiveness of the internal audit function and reviewing the internal audit plan, internal audit reports and management's responses to findings and recommendations.
- Reviewing any material investigations instigated as a result of "whistleblowing" or in response to suspected or actual frauds committed by either URENCO or any associated persons.

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

An annual review of the Terms of Reference was conducted at the Audit Committee meeting of 2 September 2014 and the Terms of Reference were updated on 16 September 2014 following Board approval.

Committee Composition & Attendance

The Audit Committee comprises three members:

- Stephen Billingham
  Non-executive Director & Chairman
- Victor Goedvolk
  Non-executive Director
- Frank Weigand
  Non-executive Director[24]

Given that all of the Audit Committee members are appointees by shareholders in the Group, they are not considered independent under guidance of the UK Corporate Governance Code.

The Committee is required, under its Terms of Reference, to meet at least three times a year. During the year the Committee met five times.

	Member since	Meetings attended
Stephen Billingham	01/09/2009	5 of 5
Victor Goedvolk	09/04/2003	5 of 5
Frank Weigand	03/12/2014	N/A
Thomas Beermann[25]	08/04/2010	5 of 5

Governance

Following due and careful consideration, the Board is satisfied that the membership of the Committee meets the requirement for recent and relevant financial experience.

The Committee has a standing agenda, aligned to events in the Group's financial and reporting calendar, for consideration at each meeting. At the invitation of the Audit Committee, the Chairman of the Board, the Chief Executive Officer, Chief Financial Officer, Executive Director of Finance, Group Treasurer, Head of Group Internal Audit and the Group's external auditors (Deloitte LLP) also attend the Committee's meetings. The Company Secretary is secretary to the Audit Committee.

Private meetings were also held at each Committee with the Head of Group Internal Audit and the external auditors at which executive management was not present. In addition, the Chairman of the Audit Committee held regular meetings with the audit engagement partner during the year.

No assessment of Audit Committee performance has been undertaken in the period. Given their status as nominees of shareholders, members of the Audit Committee are not submitted for re-election at the Group's Annual General Meeting.

Detailed below is the key work undertaken by the Committee during the year under review and up to the date of this Annual Report.

Activities of the Audit Committee during the year

Internal Controls and Risk

During 2014 the Audit Committee received and considered regular reports from the Group's external auditor, and the Group's Internal Audit, Finance, Tax, Treasury and Risk Management functions in order to assess the quality and effectiveness of the system of internal controls. These included reviews of:

- The 2014 Annual Report and the 2014 half year results.
- Work completed by both the internal and external auditors in reviewing and auditing the Group, in order to assess the adequacy and effectiveness of the Group's internal controls
- The operation of the Group whistle blowing helpline. (The helpline allows both employees and suppliers to make disclosures regarding alleged financial and operational improprieties.)

[24] Frank Weigand was appointed to the Audit Committee on 3 December 2014. Prior to his appointment, this position was held by Thomas Beermann.

[25] Thomas Beermann, an appointee of Uranit UK Limited was not a URENCO Board member.

- The independence, objectivity and fees of the external auditors and scope of audit and non-audit services.
- Internal Audit's annual report on compliance with the Group's anti-bribery and corruption policy.
- Business Risk Assurance's annual review of the Group's top 30 risks and regular operational risk reports.
- Group Tax's annual Group Tax update and review of tax policy.
- Regular updates from Group Treasury regarding the operation of the Group's foreign exchange hedging policy, counterparty credit exposures and financing provisions.

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. The Audit Committee can confirm that no significant weaknesses were identified during the year with regards to the adequacy of the system of internal control.

Significant issues

The Committee discussed with management the critical accounting judgements and key sources of estimation uncertainty outlined in note 2 of the Annual Report, "Significant estimates, assumptions and judgements". The significant areas of focus reviewed by the Committee in relation to the 2014 accounts included significant accounting principles, policies and practice and their appropriateness.

In conducting these discussions the Committee considered the work and recommendations of the Group finance functions and the input and reports received from the external auditors. The significant matters the Committee considered included the following:

- **Revenue and profit recognition:** Key judgements include URENCO's assessment of the period in which revenue and profit should be recognised, the fair value of consideration received, ownership and legal title over material, and the accounting adopted for any unusual or non-standard transactions in the period. These judgements are relevant for sales of enriched uranium, uranium feed and natural uranium each year.

Response: Each year, the Audit Committee consider the application of any new accounting standards and pronouncements relevant to revenue recognition, through the annual review of finance policies prepared by finance management. These accounting policies are summarised within Note 2 to the Annual report.

In respect of the audit, Deloitte LLP outlined to the Audit Committee their approach to the audit of revenue, as part of their presentation of the detailed Audit Plan on 2 September 2014. The appropriateness of this planned work was considered by the Audit Committee as part of the audit planning process, and the proposed scope of work was discussed with our auditors.

The Committee also considered any observations and findings made by the auditors as part of their reporting to the Committee within their written report presented on 12 February 2015. For the year ended 31 December 2014, this included the auditors observation that a high volume of sales occurred in the final month of the year, where the Committee satisfied itself that this was due to the requested timing of deliveries from customers.

Finally, in respect of non-standard or complex transactions in the period, the Audit Committee challenged the management team in order to understand their commercial substance, and proposed accounting, in order to ensure these were appropriate and understandable to readers of the accounts.

- **Inventory and ownership of inventory:** Key judgements include the recognition of inventory balances, including the allocation between uranium feed and SWU, the valuation of inventory held, allocation of direct costs, and the accounting assay to be adopted. In addition, an annual inventory "Headroom" test is performed to ensure the accuracy and completeness of provisions, and to assess ownership of material.

Response: URENCO Finance Management have prepared detailed accounting papers for the Audit Committee in prior periods, setting out the background to accounting for inventory and their assessment of ownership of material. In prior years, the Committee has reviewed the accounting policies applied in this area, and are satisfied on their compliance with International Financial Reporting Standards, and appropriateness to URENCO's business model.

Using information included in Deloitte's Audit Committee Report, the annual "headroom test" is reviewed by the Audit Committee, which is discussed and challenged with management. This "headroom test" assesses the level of inventory to which URENCO holds legal title. The Audit Committee reviewed information regarding the headroom test at 31 December 2014, and was satisfied that it was applied on a consistent basis to prior periods.

In addition, consistent with the discussion of Revenue above, the Committee received oral and written reports on the external audit work planned and undertaken in this area from Deloitte LLP. This planned work and its results are reviewed in detail by the Committee.

- **Provisioning:** Key judgements include the calculation of provisions required in respect of tails and decommissioning obligations, the relevant discount and inflation rates applied, and likely costs of future activity required for URENCO to satisfy its legal obligations.

Response: The Group formally reviews its provisions strategy on a triennial basis, using a steering group of senior technical and operational personnel. The Audit Committee last reviewed the output from these groups, and the associated financial provisions estimated to be required, in 2012 using Deloitte's Audit Committee Reports.

The update of provisions each period end is audited by Deloitte LLP, and the Audit Committee receives oral and written reporting on this work. This included consideration of Deloitte's work in respect of cost estimates, timing estimates, and the application of applicable discount and inflation rates. These matters are discussed with Deloitte, both to understand their work, and to facilitate challenge of management in this area.

- **Carrying value of the enrichment business:** Key judgements include consideration of the Cash Generating Unit ("CGU") for impairment, including the assumptions within value in use calculations, estimations of future market dynamics, and the relevant inflation and discount rates. In addition, judgement is required as to the assets to be included within each CGU.

Response: In 2014 URENCO performed impairment tests on the assets held by its two key CGUs, its European operations and its US operations. This impairment test demonstrated that for both CGUs the recoverable amount exceeds the net book value of these assets.

The Committee received reporting from Deloitte LLP documenting their assessment, challenge and findings in respect of impairment in their written report to the Committee presented on 12 February 2015. This work was discussed with Deloitte, and used in order to assist the Audit Committee's challenge of management judgements on this matter.

Financial and Business Reporting

At the meeting of 12 February 2015, the Committee reviewed the content of this annual report and accounts and advised the Board that, in its view, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

In justifying this statement the Audit Committee has considered the robust process which operates in creating the report and accounts, including the fact that:

- Clear guidance and instruction is given to all contributors.
- Revisions to regulatory requirements, including the UK Corporate Governance Code, are monitored on an on-going basis.
- Planning meetings are conducted between management teams of key subsidiaries and the external auditors in advance of the year end reporting process, and the information / developments raised in these meetings used to inform the compilation of the annual report.
- A thorough process of review, evaluation and verification of the inputs from business units is undertaken to ensure accuracy and consistency.
- A meeting of the Audit Committee is held to review and consider the draft annual report and accounts in advance of the final sign off.
- Final sign off is provided by the Board.

External Audit Effectiveness and Independence

The Committee has satisfied itself that the UK professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditors have been complied with.

The Committee reviewed the effectiveness of the external auditor during 2014. This process incorporated feedback from management and key individuals across the Group, as well as the Committee's own experience. The assessment considered the robustness of the audit process, the quality of the delivery of the audit plan, the quality of reporting on findings and recommendations to the Committee and management, and the quality of the audit team and service provided.

In considering the independence of the external auditor, the Committee received a transparency report from the auditor, which describes their arrangements to identify, report and manage any conflicts of interest, and reviewed the extent of non-audit services provided to the Group. In 2014 the Committee approved an Auditor Independence Policy which provides for Audit Committee approval of fees for non-audit services over certain specified thresholds. The Committee concluded that it is satisfied with the effectiveness and independence of the external auditor.

Having reviewed Deloitte LLP's performance during the year and satisfied itself of their continuing independence and objectivity within the context of applicable regulatory requirements and professional standards, the Committee has invited the Board to recommend the reappointment of Deloitte LLP as auditor at the forthcoming Annual General Meeting ("AGM") and a resolution to that effect appears in the notice of the AGM. The incumbent auditor has accumulated significant knowledge and experience that allow it to carry out effective and efficient audits during this period and provide insightful and informed challenge.

Risk Management and the Effectiveness of Internal Controls

The Terms of Reference of the Audit Committee require that the Audit Committee review and examine the effectiveness of the Company's internal controls and risk management systems and advise the Board in the exercise of its responsibility for maintaining sound risk management and internal control systems.

Group Business Assurance provides an update detailing new commercial or operational risks and any additional mitigation required to every Audit Committee meeting. In addition the Audit Committee performs an annual review and evaluation of the risks which are considered to be significant at a Group level, and the adequacy and appropriateness of mitigating controls or risk reduction strategies. These are then considered by the Board. The types of risks identified included both strategic and material operational risks and are detailed on pages 20 to 22 of the report.

The Terms of Reference also require that the Committee review and approve the statements to be included in the Annual Report (and if interim statements are produced, to do likewise) concerning internal controls and risk management prior to endorsement by the Board. In 2014, as in previous years, the Audit Committee conducted such review and approval.

Much of the Committee's work in this area was driven by the Group Head of Internal Audit's reports on the effectiveness of internal controls and fraud. A summary of the Committee's engagement with the Internal Audit function is set out below.

Internal Audit

The Group has an internal audit department with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of URENCO's operations.

The Group Head of Internal Audit has direct access to the Chairman of the Audit Committee and provided updates regarding internal audit activities; progress of the Group internal audit plan; the results of any unsatisfactory audits; the action plans to address these areas and any resource requirements required to meet the Committees' assurance requirements.

During the year, the Committee also reviewed the proposed internal audit programme for 2015 and the performance of the Group Head of Internal Audit. No significant issues or concerns were highlighted.

Approval

On behalf of the Audit Committee

Stephen Billingham

Chairman of the Audit Committee

4 March 2015

Sustainability Committee Report

Chairman's Statement

Frank Weigand

Chairman, Sustainability Committee

The Sustainability Committee is a committee of the Board of Directors of URENCO Limited. The purpose of the Committee is to monitor, on behalf of the Board, the implementation of URENCO's core values and sustainability agenda. The Committee's main areas of focus are health, safety, environment, asset integrity, security, safeguards, ethical conduct and social performance. The Committee also maintains an overview of the Group's policies and achievement of key objectives in these areas and reports to the Board on the results of these reviews.

In this report the Committee provide a description of the key activities it has performed during the course of the year.

The Committee would like to thank Gerd Jaeger who was responsible for chairing the Committee during this, its inaugural year.

Duties

In accordance with its terms of reference, the Committee's key responsibilities include, but are not limited to:

- Reviewing on an annual basis the Group's sustainability agenda and associated policies, with a view to ensuring that these take account of external developments and expectations, and reporting to the Board on the results of these reviews.
- Conducting annual reviews of the Group's implementation of policies on: safety and asset integrity; social performance (including community relations, social investment and political contexts); environment and ethical conduct and reporting to the Board on the results of these reviews.
- To consider and approve the Company's Sustainability Report.
- To compile a report on its activities to be included in the Company's Annual Report.

A copy of the Sustainability Committee's Terms of Reference is available on URENCO's website at www.urenco.com.

Committee Composition & Attendance

The Sustainability Committee comprises four members:

- Frank Weigand (Non-executive Director & Chairman)[26]
- George Verberg (Non-executive Director)
- Stephen Billingham (Non-executive Director)
- Helmut Engelbrecht (Chief Executive Officer)

The Committee met twice in 2014.

Membership and Attendance during the year

	Number of meetings	Meetings attended
Helmut Engelbrecht	2	2
Stephen Billingham	2	1
George Verberg	2	2
Gerd Jaeger	2	2

Activities of the Sustainability Committee during the year

In 2014 the Committee:

- Considered and approved the 2013 Sustainability Report
- Monitored the design of the sustainability programme and the creation of a sustainability culture across the Group.
- Considered and approved non-financial KPIs for 2014.
- Monitored progress on the asset integrity programme and peer review process.

Approval

On behalf of the Sustainability Committee

Frank Weigand

Chairman of the Sustainability Committee

4 March 2015

[26] Frank Weigand joined the Sustainability Committee on 3 December 2014 and was appointed Chairman. Prior to his appointment this position was held by Gerd Jaeger.

Remuneration Report

Chairman's Statement

George Verberg

Chairman, Remuneration and Appointments Committee

The role of URENCO's Remuneration and Appointments Committee remains to ensure that the remuneration arrangements for Executive Directors offer every encouragement to enhance the Company's performance and deliver our strategy in a responsible manner.

Introduction

This report is on the activities of the Remuneration and Appointments Committee for the period to 31 December 2014. It sets out the remuneration policy and remuneration details for the Executive and Non-executive Directors of URENCO.

The report is split into three main areas:

- The statement by the Chairman of the Remuneration and Appointments Committee;
- The annual report on remuneration; and
- The policy report.

The annual report on remuneration provides details on remuneration in the period. It will be subject to approval from shareholder representatives at the Remuneration and Appointments Committee.

Composition

The Remuneration and Appointments Committee is composed entirely of Non-executive Directors. The Chairman of the Committee in 2015 is George Verberg. Frank Weigand, Alan Bevan and Richard Nourse are members of the Committee. Gerd Jaeger and Bernhard Fischer resigned from the Committee in 2014 and 2015 respectively.[27] 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 and responsibilities

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	7	7
Richard Nourse	7	7
Frank Weigand	1	1
Bernhard Fischer	7	6
Gerd Jaeger	6	6

Key issues in 2014

During 2014 the Remuneration and Appointments Committee:

- Reviewed the 2014 targets set for the CEO and CFO.
- Set 2015 targets for the CEO and CFO.
- Conducted a search for a new CFO.
- Considered Executive Remuneration and Non-executive Director fees.
- Discussed succession planning.
- Reviewed the long-term incentive scheme.

Approval

On behalf of the Remuneration and Appointments Committee

George Verberg

Chairman of the Remuneration and Appointments Committee

4 March 2015

[27] Frank Weigand replaced Gerd Jaeger on the Committee on 2 December 2014. Alan Bevan replaced Bernhard Fischer on 26 February 2015.

Annual Report on Remuneration

Single total figure of remuneration for each Director

The remuneration of the Executive Directors for the years 2014 and 2013 is made up as follows:

	Basic salary and fees €	Pensions €	Benefits €	Performance related bonuses €	LTIS[1] €	Total 2014 €
Executive Directors						
Helmut Engelbrecht	**585,069**	**164,937**	**87,259**	**77,330**	**(12,152)**	**902,443**
Marcel Niggebrugge	**462,918**	**-**	**205,418**	**60,432**	**-**	**728,768**
Ralf ter Haar	**71,521**	**-**	**26,297**	**20,112**	**-**	**117,930**
Total	**1,119,508**	**164,937**	**318,974**	**157,874**	**(12,152)**	**1,749,141**

[1] These amounts reflect adjustments to amounts receivable for LTIS following revisions to forecast EPS and EPS growth which resulted in targets not being met.

	Basic salary and fees €	Pensions €	Benefits €	Performance related bonuses €	LTIS €	Total 2013 €
Executive Directors						
Helmut Engelbrecht	543,044	177,954	44,300	125,503	81,637	972,438
Marcel Niggebrugge	528,915	-	241,769	129,569	-	900,253
Total	1,071,959	177,954	286,069	255,072	81,637	1,872,691

The remuneration of the Non-executive Directors for the years 2014 and 2013 is made up as follows:

	Basic salary and fees €	Benefits €	Performance related bonuses €	LTIS €	Total 2014 €
Non-Executive Directors					
John Hood	**216,965**	**-**	**-**	**-**	**216,965**
Stephen Billingham	**53,462**	**-**	**-**	**-**	**53,462**
Bernhard Fischer	**43,777**	**-**	**-**	**-**	**43,777**
Victor Goedvolk	**50,410**	**-**	**-**	**-**	**50,410**
Gerd Jaeger	**49,085**	**-**	**-**	**-**	**49,085**
Richard Nourse	**43,777**	**-**	**-**	**-**	**43,777**
George Verberg	**55,717**	**-**	**-**	**-**	**55,717**
Frank Weigand	**6,668**				**6,668**
Total	**519,861**	**-**	**-**	**-**	**519,861**

	Basic salary and fees €	Benefits €	Performance related bonuses €	LTIS €	Total 2013 €
Non-Executive Directors					
John Hood	210,793	-	-	-	210,793
Stephen Billingham	47,484	-	-	-	47,484
Bernhard Fischer	41,605	-	-	-	41,605
Victor Goedvolk	44,774	-	-	-	44,774
Gerd Jaeger	52,952	-	-	-	52,952
Richard Nourse	38,883	-	-	-	38,883
George Verberg	49,487	-	-	-	49,487
Total	485,978	-	-	-	485,978

Additional requirements in respect of the single total figure table

Taxable benefits

Taxable 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 at £0.80658 for €1 for 2014 (2013: £0.8487 to €1)

Performance related bonuses

Performance related bonuses for Executive Directors are based on performance criteria.

Long Term Incentive Scheme

The long term incentive scheme is 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.

The Executive Directors are eligible to share in the Company's long-term incentive scheme. Details of the accrued entitlements earned by the Executive Directors (Footnote 1 here) are shown below:

	Helmut Engelbrecht[1] €	**Marcel Niggebrugge[2] €**	**Ralf ter Haar[3] €**	Scheme maturing at 31 December
Incentive scheme accrual as at 1 January 2014	**214,594**			
Exchange adjustments	**(13,836)**	**-**	**-**	
LTIS paid during the year	**-**	**-**	**-**	
LTIS 2010 accrual adjustment during the year	**-**	**-**	**-**	2013
LTIS 2011 accrued during the year	**-**	**-**	**-**	2014
LTIS 2012 accrued during the year	**71,292**	**-**	**-**	2015
LTIS 2013 accrued during the year	**(83,444)**	**-**	**-**	2016
Total incentive scheme accrual at 31 December 2014	**188,606**	**-**	**-**	

[1] These amounts reflect adjustments to amounts receivable for LTIS following revisions to forecast EPS and EPS growth which resulted in targets not being met.

[2] Marcel Niggebrugge's fixed term contract did not include entitlement to a LTIS.

[3] Ralf ter Haar became entitled to a LTIS in February 2015.

The long-term incentive scheme is an award of cash with the maximum potential award determined at grant. The awards vest no earlier than the third anniversary of grant. Performance is measured on the increase in earnings per share (EPS) from the year preceeding the 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	
Scheme maturity	**2016**		2015		2014	
	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%
	17%	75%	30%	75%	50%	75%
	35%	100%	50%	100%	10%	100%
	-	-	100%	150%	150%	150%

Total pension entitlements

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 and Customs (closed to new entrants) and a defined contribution section. The scheme also provides for dependants' pensions and lump sums on death in service.

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

Defined benefit pension scheme

	Accrued pension at 31/12/2014 €	Accrued pension at 31/12/2013 €	**Transfer value at 31/12/2014 €**	Transfer value at 31/12/2013 €
Helmut Engelbrecht	**230,643**	198,898	**5,614,591**	3,973,854

Accrued pensions and transfer values are retranslated from sterling to euros at the closing rate of £0.77667 to €1 (2013: £0.83020 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 2014 and 2013 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 €2.5 million (2013: €2.8 million). This cost will be reviewed periodically.

Relative importance of spend on pay

The table below shows the actual employee pay of the group and change between the current and previous years, compared to retained earnings and dividends.

	2014 €m	2013 €m	% Increase
Total employee pay	**168.5**	155.9	8.1%
Retained earnings	**1,865.9**	1,835.5	1.7%
Dividend	**340.0**	270.0	25.9%

Statement of implementation of remuneration policy in the following financial year

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 and 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 biannually, other than the remuneration of the Chairman which is set at the beginning of the term of appointment.

The salary and benefits for Executives are reviewed annually. The Chief Executive Officer received a 3.2% increase in basic salary for the 2014 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 Financial Officer's basic salary. Executive Directors receive benefits that principally comprise living expense, motor vehicles, private healthcare and other expenses.

Consideration of matters relating to Directors' remuneration

The Committee makes recommendations to the Board on the remuneration packages for each Director. Remuneration for each Non-executive Director is subject to final approval at the Annual General Meeting.

Policy Report

Introduction

The information below summarises key aspects of the Company's remuneration policy for Executive and Non-executive Directors.

Future policy

The policy is that a substantial proportion of the pay and benefits package should be performance related. The following provides a summary of the key components of the remuneration package for Directors:

Basic salary

Purpose

To recruit and retain high calibre executives.

Operation

This is determined for each Executive Director taking into account the responsibilities of the individual and information from independent sources on the level of salary for similar jobs in a selected group of comparable companies.

Basic salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance, levels of increase for the broader UK population and inflation.

The Committee also considers the impact of any basic salary increase on the total remuneration package.

Annual increases are typically within the standard maximum given. However, there may be occasions when the Committee needs to recognise, for example, development in role, change in responsibility and/or specific retention issues.

In these circumstances, the Committee may offer a higher annual increase, the rationale for which will be explained to shareholders in the relevant remuneration report.

Maximum levels will be reviewed to take account of any significant rise in inflation levels.

Opportunity

Standard annual salary increase in line with the increase for all employees throughout the company.

All taxable benefits

Purpose
To provide market competitive benefits.

Operation
The Company provides the following ongoing benefits:
- Car related benefits
- Medical insurance
- Death insurance
- Holiday leave
- Other ancillary benefits

In addition, the Company pays additional benefits when specific business circumstances require it, including costs and allowances related to relocation and international assignments.

The Company reimburses all reasonable and necessary business expenses.

Opportunity
The Committee reserves the discretion to exceed the ongoing maximum level for certain situation–specific benefits, such as relocation. Full details of the exercise of any such discretion will be provided to shareholders in the Remuneration Report.

Performance related bonuses

Purpose
To encourage and reward delivery of the Company's strategic priorities.

Operation
Performance related bonuses for Executive Directors are based on performance criteria.

Opportunity
Performance criteria relate to safety performance; EBITDA; and major capital projects. 30% of potential bonus is payable at the discretion of the Committee.

Long term incentive scheme

Purpose
To encourage creation of value in the business over the longer term.

Operation
An annual scheme which grants cash awards with the maximum potential awards 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.

It is the Committee's intention that these outstanding awards should be paid out in accordance to the terms on grant of the schemes.

Opportunity
Award size as a percentage of salary for Executive Directors is set out in the table on page 49.

Pensions

Purpose
To offer market – competitive levels of benefit.

Operation
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 dependent's pensions and lump sums on death in service.

Opportunity
The company makes regular contributions for pension payments. The maximum contribution is 24.9% of salary for the defined benefit scheme and 13.0% of salary for the defined contribution scheme.

Remuneration Report continued

The following provides a summary of the key elements of the remuneration package for Non-executive Directors:

Fees

Purpose

To recruit and retain high calibre Non-executive Directors.

Operation

This is determined for each Non-executive Director taking into account the responsibilities of the individual and information from independent sources on the level of salary for similar jobs in a selected group of comparable companies.

Remuneration for Non-executive Directors is subject to final approval at the Annual General Meeting.

Approach to recruitment remuneration

The on-going remuneration arrangements for a newly recruited or promoted Director will reflect the remuneration policy in place for Directors at the time of appointment. The on-going components for Executive Directors will therefore comprise basic salary and fees, benefits, performance related bonus, LTIS and pension contribution. The on-going components for Non-executive Directors will comprise fees.

The initial basic salary for a newly recruited or promoted Executive Director will be set to reflect the individual's experience, salary levels within the Company and market levels. For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate.

Approval

This report was approved by the Board of Directors on 4 March 2015 and signed on its behalf by:

Sarah Newby
Company Secretary
4 March 2015

Directors' Report

The Directors present their Annual Report and Accounts for the year ended 31 December 2014.

Regulations relating to Strategic Report

The Directors have ensured compliance with the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013 and have presented the Strategic Report separately to the Directors Report. Both Reports must also be separately approved by the Board of Directors and signed on behalf of the Board by a Director or the Company Secretary.

Results and dividends

Net income for the year attributable to equity holders of the Parent Company amounted to €404.5 million (2013: €336.6 million).

The Directors recommend a final dividend for the year of €340.0 million. No interim dividend was paid during 2014 (2013: final dividend of €340.0 million paid in 2014, with no interim dividend declared or paid in 2013).

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 USA 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 USA. 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 from page 2 in the Overview and Chief Executive Officer's review.

Going concern

The Group's business activities, achievements, risks and opportunities are set out in the Chief Executive Officer's review on pages 12 to 14 and the Group Finance Report on pages 30 to 34. The Group finance review 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 (€16 billion (2013: €17 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 32 and in note 24 to the consolidated financial statements.

Research and development

Research activities within the Group are predominately 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 €9,000 (2013: €9,200) 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 €1,277,600 (2013: €1,219,400) were made during the year to local charities and community projects.

Events after the reporting period

As of 4 March 2015, 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.

Directors' Report continued

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 2014 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 2014, the Company had an average of 32 days' purchases owed to trade creditors (2013: an average of 24 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 2015.

By order of the Board.

Sarah Newby
Company Secretary
4 March 2015

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report 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 proper 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/she ought to have taken as a Director in order to make himself/herself 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 2015

Independent Auditors' Report

To the members of URENCO Limited

Opinion on financial statements of URENCO Limited

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- The group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 32.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

We have reviewed the Directors' Statement contained on page 53 that the group is a going concern. We confirm that:

- We have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- We have not identified any material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Revenue and profit recognition

Risk

The Group has recognised revenue of €1,612.0 million in 2014. Given the complex nature of the Group's enrichment contracts, management judgment is required in applying the group's revenue recognition policies to enrichment services, feed and natural uranium sale transactions.

These revenue and profit recognition judgments include the date at which transfer of risk and reward occurs; accounting for variability or optionality within sales contracts; consideration of the costs of the enrichment activities and the feed sold; consideration of whether URENCO holds legal title to feed sold; and consideration of onerous contract terms.

The Group's policy on revenue recognition is set out on page 68 of the Group financial statements.

How the scope of our audit responded to the risk

We carried out testing relating to internal controls over revenue recognition and assessed the timing and value of revenue recognised through agreement, on a sample basis, to executed contracts and signed delivery documentation. We agreed deliveries occurring near 31 December 2014 to physical delivery notifications and traced payments to bank statements.

In respect of the cost of enrichment services, feed or natural uranium supplied to customers, we recalculated the prevailing weighted average cost based on the Group's cost of production.

For bill and hold transactions, where material continues to be held at URENCO's premises, we reviewed customer requests and confirmations of legal title, in order to evidence whether irreversible sales had taken place.

Independent Auditors' Report continued

To the members of URENCO Limited

Inventory and ownership of inventory

Risk

Complex calculations and management judgment are required in respect of the allocation of uranic material, including determining the feed and Separative Work Unit ("SWU") components of enriched uranium product ("EUP"), described and defined further on page 72. As at 31 December 2014, the Group holds €475.2 million of inventories (refer to note 18 of the financial statements)

This allocation requires management to assess physical inventory levels (on URENCO sites and at fabricators), forecast customer requirements and consider the level to which material will be enriched (the "accounting assay").

In order to produce a certain volume of enriched uranium to the required level of enrichment, URENCO can use increased levels of feed or higher consumption of SWU to produce the same output. Use of additional SWU results in a surplus of feed, as less feed is used in the enrichment process than supplied by the customer. Assessment is required of whether this surplus feed is owned by URENCO ("own feed") and may be recognised within inventory through comparison of actual feed stocks held to levels of feed required to fulfill future customer enrichment obligations.

How the scope of our audit responded to the risk

Physical inventory positions were compared to perpetual inventory systems and we reviewed International Atomic Energy Agency ("IAEA") regulatory inspection documents relating to inspection of control of uranic materials. As part of our work, we considered the independence and reliability of the IAEA's work, and the integrity of their physical inventory reporting. We received confirmations from fabricators in respect of URENCO's inventory held at their sites.

We reviewed and recalculated management's allocation of inventory between feed and SWU, validating the inputs into the calculation to source documentation. We scrutinised the annual movements in inventory, validating the reconciling items to supporting evidence and by recalculation, where appropriate.

We performed procedures to challenge management's determination of the "accounting assay", including review of operating reports and forecasts, confirmation of future enrichment contract terms, and verified movements in actual assay levels to operational activities in the period.

In respect of own feed, we independently recalculated the levels of feed to which URENCO held ownership of each period, taking into account borrowed material and own feed inherent in material to be re-enriched ("Low Assay Feed").

Provisioning

Risk

The Group holds €1,108.1 million of long term provisions at 31 December 2014, the majority of which are in respect of decommissioning costs and the disposal of tails (refer to note 26 of the financial statements). Provision is made for future decommissioning of enrichment sites and associated equipment including transport containers. In addition, as the enrichment process generates depleted uranium ("tails"), provisions must be made for the costs of the eventual deconversion of the material to a more stable chemical form and subsequent storage.

The determination of future cost, timing and macroeconomic assumptions, including discount rate and inflation rate, in relation to all of these long term provisions requires significant management judgment and estimation. In particular, given the nature of the industry, there is often very limited independent third party data as to the eventual cost / timing of these activities.

Further descriptions on the nature of tails, deconversion and other items noted above are provided on pages 101 to 102.

How the scope of our audit responded to the risk

We compared future cost and timing estimates against internal project data and, where available, external support, and challenged the assumptions therein through meetings with technical and operational personnel, and through comparison to other market participants and the prevailing industry approach.

Levels of tails to be deconverted and plant and machinery to be decommissioned were verified to operational and financial reports.

We assessed and benchmarked the reasonableness of discount rates and inflation rates adopted to external market data.

Carrying value of the enrichment business

Risk

In response to both the challenging conditions faced by the nuclear market and the cost overruns and delays incurred in respect of the construction of the Tails Management Facility ("TMF"), management have assessed the carrying value of the enrichment business for impairment. Note 4 to the financial statements provides further information in respect of the carrying value of the assets included in the enrichment segment (€6.9 billion at 31 December 2014).

This is a judgemental process, which requires estimates concerning external factors such as discount and exchange rates, as well as internal assumptions related to operating costs, capital spend and management's view of future business prospects.

The outcome of impairment assessments could vary significantly were different assumptions applied.

Further details of management's process to assess assets for impairment is outlined on page 72.

How the scope of our audit responded to the risk

We undertook a detailed analysis and challenge of the significant assumptions used in impairment testing, specifically determination of cash generating units ("CGUs"), discount rates, exchange rates, terminal values, revenue cash inflows and capital expenditure. This included agreement to third party documentation where possible, evaluation of Board approved forecasts against recent performance and long term order book and assessment of the estimate of costs to complete the TMF capital project.

We utilised Deloitte valuation specialists to independently develop expectations in respect of the specific discount rates used to assess individual CGUs and compared against those used by management.

In addition, we evaluated the sensitivity analysis performed by management.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 43.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be €25 million, which is below 5% of pre-tax profit, and below 2% of equity.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €500,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of URENCO and its environment, including URENCO-wide controls, and assessing the risks of material misstatement at URENCO Group level. All four of the Group's enrichment locations are within our group audit scope and all were subject to a full audit. These four locations represent the principal business units and account for all of the group's net assets, revenue and profit before tax.

Our audit work at each location was executed at levels of materiality applicable to each individual entity which were lower than group materiality, ranging from €1.8 million to €15.0 million.

In addition, at URENCO's head office we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The group audit team continued to follow a programme of planned site visits that has been designed so that the Senior Statutory Auditor or a senior member of the group audit team visits each of the locations where the group audit scope was focused at least once every other year.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration specified by law are not made. We have nothing to report arising from these matters.

Independent Auditors' Report continued

Other matter

The Directors have requested that we report to you if, in our opinion, information in the annual report is:

- Materially inconsistent with the information in the audited financial statements; or
- Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- Otherwise misleading.

In particular, we have considered whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

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.

We also comply with International Standard on Quality Control (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, 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.

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

4 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Notes	**2014 Results for the year €m**	2013 Results for the year €m
Revenue from sales of goods and services	3	**1,612.0**	1,514.6
Work performed by the Group and capitalised		**18.1**	15.1
Changes to inventories of work in progress and finished goods		**2.7**	(10.0)*
Raw materials and consumables used		**(8.8)**	(7.2)*
Tails provision created	26	**(149.2)**	(127.0)
Employee benefits expense	6	**(168.5)**	(155.9)
Depreciation and amortisation	5	**(417.9)**	(396.8)
Other expenses	5	**(235.5)**	(261.7)
Share of results of joint venture	15	**-**	(12.8)
Income from operating activities	5	**652.9**	558.3
Finance income	7	**35.5**	38.3
Finance costs	8	**(167.2)**	(132.7)
Income before tax		**521.2**	463.9
Income tax expense	9	**(116.7)**	(127.3)
Net income for the year attributable to the owners of the Company		**404.5**	336.6
Earnings per share		**€**	€
Basic and diluted earnings per share	11	**2.4**	2.0

* The presentation of SWU and Feed purchases has been amended. Purchases are now taken directly to the inventories line of the statement of financial position and expensed through the changes to inventories of finished goods and works in progress in the period or year they are consumed. Previously SWU and Feed purchases of €95.5 million were expensed as raw materials and consumables used and then credited through the changes to inventories of finished goods and work in progress when not consumed in the period or year. This presentation change has no impact on net income or total equity.

Consolidated Statement of Comprehensive Income

As at 31 December 2014

	Notes	**2014 €m**	2013 €m
Net income for the year attributable to the owners of the Company		**404.5**	336.6
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Cash flow hedges – transfers to revenue	25	**(0.9)**	3.3
Cash flow hedges – mark to market		**(121.9)**	38.6
Net investment hedge - mark to market		**(38.7)**	74.8
Deferred tax credit/(charge) on hedges	9	**23.7**	(16.1)
Current tax credit/(charge) on hedges	9	**(0.2)**	-
Exchange differences on hedge reserve		**(1.5)**	6.6
		(139.5)	107.2
Exchange differences on foreign currency translation of foreign operations		**273.5**	(96.4)
Share of joint venture exchange differences on foreign currency translation of foreign operations		**-**	(0.4)
		273.5	(96.8)
Items that will not be reclassified subsequently to the income statement			
Actuarial (losses)/gains on defined benefit pension schemes	27	**(44.5)**	6.0
Deferred tax credit/(charge) on actuarial gains/(losses)	9	**10.3**	(1.1)
Current tax credit/(charge) on actuarial gains/(losses)	9	**0.2**	-
Surplus on defined benefit pension schemes	27	**-**	8.4
Share of joint venture actuarial gains on defined benefit pension schemes		**-**	0.5
Share of joint venture deferred tax credit on actuarial gains		**-**	0.1
Utility partner payments		**(0.1)**	(0.3)
Deferred tax credit on utility partner payments	9	**-**	0.1
		(34.1)	13.7
Other comprehensive income		**99.9**	24.1
Total comprehensive income for the year attributable to the owners of the Company		**504.4**	360.7

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	**2014 €m**	2013 €m
Assets			
Non-current assets			
Property, plant and equipment	12	**5,483.9**	4,932.9
Investment property	13	**5.8**	5.8
Intangible assets	14	**64.4**	75.2
Investments	15	**0.7**	0.5
Financial assets	17	**9.0**	6.1
Derivative financial instruments	25	**16.2**	82.3
Deferred tax assets	9	**248.3**	217.5
		5,828.3	5,320.3
Current assets			
Inventories	18	**475.2**	353.2
Trade and other receivables	19	**543.9**	462.4
Derivative financial instruments	25	**24.7**	17.6
Short-term bank deposits	20	**322.8**	-
Cash and cash equivalents	21	**199.5**	90.2
		1,566.1	923.4
Total assets		**7,394.4**	6,243.7
Equity and liabilities			
Equity attributable to the owners of the Company			
Share capital	22	**237.3**	237.3
Additional paid in capital		**16.3**	16.3
Retained earnings		**1,865.9**	1,835.5
Hedging reserve		**(131.3)**	8.2
Foreign currency translation reserve		**156.9**	(116.6)
Total equity		**2,145.1**	1,980.7
Non-current liabilities			
Trade and other payables	28	**132.0**	133.2
Interest bearing loans and borrowings	25	**2,792.8**	2,308.7
Provisions	26	**1,108.1**	948.6
Retirement benefit obligations	27	**101.6**	57.3
Deferred income	23	**40.9**	37.8
Derivative financial instruments	25	**92.2**	31.4
Deferred tax liabilities	9	**47.9**	80.9
		4,315.5	3,597.9
Current liabilities			
Trade and other payables	28	**291.8**	253.7
Interest bearing loans and borrowings	25	**503.5**	356.1
Provisions	26	**1.7**	9.1
Derivative financial instruments	25	**109.0**	3.3
Income tax payable		**19.1**	41.3
Deferred income	23	**8.7**	1.6
		933.8	665.1
Total liabilities		**5,249.3**	4,263.0
Total equity and liabilities		**7,394.4**	6,243.7

Registered Number 01022786

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2015.

They were signed on its behalf by:

Helmut Engelbrecht
Chief Executive Officer

Ralf ter Haar
Chief Financial Officer

Consolidated Statement of Changes in Equity

As at 31 December 2014

	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 2014	**237.3**	**16.3**	**1,835.5**	**8.2**	**(116.6)**	**1,980.7**
Income for the period	**-**	**-**	**404.5**	**-**	**-**	**404.5**
Other comprehensive income	**-**	**-**	**(34.1)**	**(139.5)**	**273.5**	**99.9**
Total comprehensive income	**-**	**-**	**370.4**	**(139.5)**	**273.5**	**504.4**
Equity dividends paid	**-**	**-**	**(340.0)**	**-**	**-**	**(340.0)**
As at 31 December 2014	**237.3**	**16.3**	**1,865.9**	**(131.3)**	**156.9**	**2,145.1**

	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

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Notes	2014 €m	2013 €m
Income before tax		**521.2**	463.9
Adjustments to reconcile Group income before tax to net cash inflows from operating activities:			
Share of joint venture results	15	**-**	12.8
Depreciation and amortisation	5	**417.9**	396.8
Finance income	7	**(35.5)**	(38.3)
Finance cost	8	**167.2**	132.7
Loss on disposal / write off of property, plant and equipment		**0.8**	-
Increase in provisions		**61.1**	67.1
Operating cash flows before movements in working capital		**1,132.7**	1,035.0
(Increase)/decrease in inventories		**(106.7)**	(83.2)
(Increase)/decrease in receivables		**(14.8)**	(110.7)
(Increase)/decrease in payables		**(32.0)**	38.9
Cash generated from operating activities		**979.2**	880.0
Income taxes paid		**(145.7)**	(135.7)
Net cash flow from operating activities		**833.5**	744.3
Investing activities			
Interest received		**31.2**	25.2
Proceeds from non designated derivatives		**-**	0.9
Proceeds from sale of property, plant and equipment		**16.1**	-
Purchases of property, plant and equipment		**(426.4)**	(438.6)
Prepayments in respect of fixed asset purchases[i]		**(110.7)**	(148.2)
Purchase of investment property		**-**	(5.7)
Purchase of intangible assets		**(5.5)**	(1.9)
Purchase of investment		**(0.2)**	(0.1)
Net cash flow from investing activities		**(495.5)**	(568.4)
Financing activities			
Interest paid		**(139.7)**	(114.4)
Payments in respect of non designated derivatives		**(0.5)**	-
Dividends paid to equity holders	10	**(340.0)**	(270.0)
Proceeds from new borrowings		**1,599.6**	320.3
Placement of short-term deposits		**(322.8)**	-
Repayment of borrowings		**(1,045.4)**	(117.2)
Net cash flow from financing activities		**(248.8)**	(181.3)
Net (decrease)/increase in cash and cash equivalents		**89.2**	(5.4)
Cash and cash equivalents at 1 January		**90.2**	95.7
Effect of foreign exchange rate changes		**20.1**	(0.1)
Cash and cash equivalents at 31 December	21	**199.5**	90.2
Short-term deposits at 31 December	20	**322.8**	-
Cash and cash equivalents and short-term deposits at 31 December		**522.3**	90.2

[i] 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 Consolidated Financial Statements

For the year ended 31 December 2014

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 2014 were approved and authorised for issue by the Board of Directors on 4 March 2015 and the statement of financial position was signed on the Board's behalf by Helmut Engelbrecht and Ralf ter Haar.

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 124. 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 statements for the year ended 31 December 2013, except as follows:

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

International Accounting Standards (IFRS / IAS)		Effective date
IAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Liabilities	1 January 2014
IAS 36	Impairments of Assets – Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	Levies	1 January 2014

For the year ended 31 December 2014

2. Significant accounting policies continued

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 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
IFRS 7	Financial Instruments: Disclosures	1 January 2015
IFRS 7	Financial Instruments: Disclosures	1 January 2016
IFRS 9	Financial Instruments - amended	1 January 2015
IFRS 9	Financial Instruments - amended	1 February 2015
IFRS 13	Fair Value Measurement: Amendments resulting from Annual Improvements 2011-2013 Cycle	1 July 2014
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16	Property, Plant and Equipment – Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IAS 16	Property, Plant and Equipment	1 January 2016
IAS 19	Employee Benefits – amended	1 July 2014
IAS 19	Employee Benefits – Amendments resulting from September 2014 Annual Improvements to IFRSs	1 January 2016
IAS 27	Separate Financial Statements – amended	1 January 2016
IAS 28	Investments in Associates and Joint Ventures – amended	1 January 2016
IAS 34	Interim Financial Reporting	1 January 2016
IAS 38	Intangible Assets - amended	1 July 2014
IAS 38	Intangible Assets - amended	1 January 2016
IAS 40	Investment Property – amended	1 July 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:

- Property, plant and equipment, investment property, intangible assets and investments are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be fully recoverable. Determination of the recoverable value requires an estimation of value in use for the cash generating units involved, which requires the Directors to make an estimate of the future cash flows from the cash generating unit and to apply and appropriate discount rate to calculate the present value of those cash flows. Changes in estimates could impact the recoverable values of these assets, therefore estimates are reviewed regularly by management. 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 2014 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 2015 to 2024. The carrying value of deferred tax assets at 31 December 2014 was €248.3 million (2013: €217.5 million). At 31 December 2014, there were unrecognised deferred tax assets relating to US tax losses with a tax value of €21.0 million (2013: €13.0 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 27.
- 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% (2013: 2%) per annum and discounted at a rate of 4% (2013: 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 26.
- 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.

For the year ended 31 December 2014

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 in 2013 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 recognized 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 in the form of UF6 and U3O8 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 the 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 73 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 USA. 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) or finance income (see note 7).

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2014

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 3.65% (2013: 3.36%). 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 recognized 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 USA was granted in 2006 and is being amortised over the remaining licence period from the commencement of production in the USA. The first amortisation took place in 2010 when UUSA started its production.

Other 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 5 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 9 years.

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.

Short-term bank deposits

Short-term bank deposits comprise deposits with an original maturity of more than three months and with an end date less than twelve months from the date of the statement of financial position.

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.

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 31/12/14 €m	Year ended 31/12/13 €m
Sales of goods and services	**1,612.0**	1,514.6
Interest income	**35.5**	38.3
Total revenue	**1,647.5**	1,552.9

In 2014, €0.9 million of net gains (2013: net losses €3.3 million) relating to foreign currency hedging activities has been included in sales revenue (see note 25).

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 customers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief decision makers. The chief 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.

During the year the Group has changed the way it reports about operating segments in order to better reflect that the deconversion activities to be performed by the Tails Management Facility form a fundamental part of the overall enrichment process. Therefore the two operating segments which were previously named Enrichment business and Greenfield site development have been merged into one operating segment named Enrichment business. Following this change in the composition of its operating segments, the URENCO Group has restated the corresponding items of segment information for 2013.

The Group's operating segments are now as follows:

- For the enrichment business: the provision of enrichment and associated services for the nuclear power industry and the construction of the Tails Management Facility at the UK site for deconversion of depleted UF6 into U3O8.
- 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 2014	Enrichment business €m	ETC[i] €m	Other[ii] €m	Consolidated €m
Revenue				
External sales	1,585.2	-	26.8	1,612.0
Total revenue	1,585.2	-	26.8	1,612.0
Result				
Income from operating activities	616.0	3.6	33.3	652.9
Finance income	-	-	35.5	35.5
Finance costs	-	-	(167.2)	(167.2)
Income before tax	616.0	3.6	(98.4)	521.2
Income tax	(130.4)	-	13.7	(116.7)
Net income for the year	485.6	3.6	(84.7)	404.5
Other information				
Depreciation and amortisation	427.9	-	(10.0)	417.9
EBITDA	1,043.9	-	26.9	1,070.8
Capital additions:				
Property, plant and equipment	517.5	-	1.5	519.0
Investment property	-	-	-	-
Intangible assets	3.2	-	2.3	5.5
Segment assets	6,858.0	-	536.4	7,394.4
Segment liabilities	3,268.7	26.3	1,954.3	5,249.3

(i) The share of ETC result and segment liabilities for ETC are not recognised as explained in note 15.

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

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For the year ended 31 December 2014

4. Segment information continued

Year ended 31 December 2013 (restated)	Enrichment business €m	ETC[i] €m	Other[ii] €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	575.8	6.3	(23.8)	558.3
Finance income	-	-	38.3	38.3
Finance costs	-	-	(132.7)	(132.7)
Income before tax	575.8	6.3	(118.2)	463.9
Income tax	(131.5)	-	4.2	(127.3)
Net income for the year	444.3	6.3	(114.0)	336.6
Other information				
Depreciation and amortisation	406.7	-	(9.9)	396.8
EBITDA	982.5	-	(14.6)	967.9
Capital additions:				
Property, plant and equipment	664.5	-	(10.4)	654.1
Investment property	5.7	-	-	5.7
Intangible assets	1.7	-	0.2	1.9
Segment assets	6,110.4	-	133.3	6,243.7
Segment liabilities	1,555.5	14.7	2,692.8	4,263.0

(i) The segment liabilities for ETC are not recognised as explained in note 15.

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

4. Segment information continued

Geographical information

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

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 2014	**UK €m**	**Rest of Europe €m**	**US €m**	**Rest of the World* €m**	**Consolidated €m**
Total external revenue	**37.0**	**665.3**	**728.9**	**180.8**	**1,612.0**
Location of non-current assets					
Property, plant and equipment	**1,123.8**	**1,369.4**	**2,990.7**	**-**	**5,483.9**
Investment property	**5.8**	**-**	**-**	**-**	**5.8**
Intangible assets	**12.0**	**22.0**	**30.4**	**-**	**64.4**

* predominantly Asia

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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2014

5. Income from operating activities

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

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Depreciation of property, plant and equipment (note 12)	**396.3**	378.0
Depreciation of investment property (note 13)	**0.3**	-
Amortisation of intangible assets (note 14)	**21.3**	18.8
	417.9	396.8
Employee benefits expense (note 6)	**168.5**	155.9
Operating, general and administrative costs	**238.9**	242.2
Minimum lease payments under operating leases recognised in income for the year	**4.3**	4.0
Research and development costs	**15.0**	9.9
Net foreign exchange (gains)/losses[i]	**(22.7)**	5.6
Other expenses	**235.5**	261.7

[i] Derivatives not qualifying as effective hedges are reported in finance income and cost (see notes 7 and 8).

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

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Audit of Company	**0.2**	0.1
Audit of subsidiaries	**0.5**	0.5
Total audit fees	**0.7**	0.6
Audit related assurance services	**0.1**	0.3
Total assurance services	**0.8**	0.9
Tax compliance service	**-**	-
Tax advisory services	**-**	0.2
Services relating to taxation	**-**	0.2
Total other non-audit services	**0.1**	-
Total non-audit services	**0.1**	0.2
Total fees	**0.9**	1.1

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 31/12/14 €m	Year ended 31/12/13 €m
Technical	**1,217**	1,177
Commercial	**38**	39
Administration	**270**	264
	1,525	1,480

Their aggregate remuneration comprised:

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Wages and salaries	**133.5**	128.6
Social security costs	**13.4**	9.9
Pension costs	**21.6**	17.4
	168.5	155.9

Directors' emoluments (see page 47):

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Emoluments	**2.1**	2.1
Amounts receivable under long-term incentive scheme	**-**	0.1
Company contributions paid to a defined benefit pension scheme	**0.2**	0.2
Company contributions paid to a defined contribution pension scheme	**-**	-
	Number	Number
Members of defined benefit pension schemes	**1**	1
Members of defined contribution schemes	**-**	1

In respect of the highest paid Director:

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Emoluments	**0.9**	0.8
Accrued pension at the end of the year	**0.2**	0.2

7. Finance income

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Interest on bank and other deposits	**1.0**	0.1
Income from non designated derivatives	**7.4**	12.8
Interest rate / cross currency interest rate swaps	**27.1**	25.4
	35.5	38.3

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2014

8. Finance costs

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Interest on bank borrowings and other loans	**119.4**	98.3
Capitalised interest cost	**(35.0)**	(22.7)
Interest rate / cross currency interest rate swaps	**17.4**	16.6
Unwinding of discount on provisions	**29.8**	29.0
Net interest expense on defined benefit pension schemes	**2.5**	2.9
Surety bond	**2.4**	1.9
Charge to the income statement from non designated derivatives	**30.7**	6.7
	167.2	132.7

9. Income tax

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

Consolidated income statement	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
Current income tax		
UK corporation tax	**23.3**	30.3
Foreign income tax	**99.7**	101.1
Adjustments in respect of prior periods	**(0.2)**	(0.6)
	122.8	130.8
Deferred income tax (see Deferred income tax analysis below)		
Origination and reversal of temporary differences	**(16.1)**	(4.5)
Adjustments in respect of prior periods	**4.1**	(15.9)
Movement in unrecognised deferred tax	**5.9**	12.9
Impact of change in tax rate for deferred tax	**-**	4.0
	(6.1)	(3.5)
Income tax expense reported in the consolidated income statement	**116.7**	127.3

Income tax related to items charged or credited directly to other comprehensive income	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
Current tax		
Arising on financial instruments reported in equity	**0.2**	-
Arising on actuarial (losses)/gains on defined benefit pension schemes	**(0.2)**	-
	-	-
Deferred tax		
Arising on financial instruments reported in equity	**(23.7)**	16.1
Arising on actuarial (losses)/gains on defined benefit pension schemes	**(10.3)**	1.1
Arising on utility partner payments	**-**	(0.1)
Total deferred tax	**(34.0)**	17.1
Income tax (income)/expense reported in the consolidated statement of comprehensive income	**(34.0)**	17.1

9. Income tax continued

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

	Year ended 31/12/14 €m	**%**	Year ended 31/12/13 €m	%
Income before tax	**521.2**		463.9	
Weighted at the average UK statutory income tax rate of 21.50% (2013: 23.25%)	**112.1**	**21.5**	107.9	23.3
Adjustments in respect of income tax of previous years	**3.8**	**0.7**	(16.6)	(3.6)
Tax effect of non-deductible / non-taxable items	**(30.5)**	**(5.8)**	(0.9)	(0.2)
Movement in unrecognised deferred tax	**5.9**	**1.1**	12.9	2.8
Effect of different foreign tax rates	**25.4**	**4.9**	20.0	4.3
Effect of rate changes on deferred tax	**-**	**-**	4.0	0.8
Income tax expense reported in consolidated income statement	**116.7**	**22.4**	127.3	27.4

Numerous reductions in the UK mainstream corporation tax rate have been announced and enacted in recent years. A 1% reduction in the UK corporation tax rate from 24% to 23% was enacted with effect from 1 April 2013. During 2013, a 2% reduction to 21%, effective 1 April 2014, and a 1% reduction to 20%, effective 1 April 2015, were also enacted. Consequently, the average annual UK corporation tax rate for the year ended 31 December 2014 is 21.50% (2013: 23.25%).

During 2013, the US State of New Mexico 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 USA enrichment operations from 39.94% to 38.84%. The effect of this 1.1% reduction in the average tax rate resulted in a reduction in the Group's USA net deferred tax asset.

The full effect of the UK mainstream and New Mexico state tax rate reductions enacted during 2013 was recognised in the 2013 income tax expense and net deferred tax asset recognised at 31 December 2013. Accordingly there has been no impact on the 2014 income tax expense as a result of the previously enacted UK mainstream and New Mexico state tax rate reductions.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2014

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	
	31/12/14 €m	31/12/13 €m	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
Deferred tax liabilities				
Relating to fair value movements on financial instruments	**-**	(1.4)	**1.4**	2.4
Relating to fixed assets	**(57.3)**	(112.5)	**55.2**	8.6
Relating to other temporary differences	**(2.8)**	(11.1)	**8.3**	(6.8)
Relating to prior years	**-**	-	**-**	(0.3)
Relating to provisions	**5.4**	33.6	**(28.1)**	1.5
Relating to retirement benefits	**6.8**	10.5	**(8.8)**	(0.4)
Effect of rate changes on deferred tax	**-**	-	**-**	1.7
Total deferred tax liabilities	**(47.9)**	(80.9)		
Deferred tax assets				
Relating to amounts allowed when paid	**25.5**	-	**24.4**	-
Relating to fair value movements on financial instruments	**2.1**	-	**2.1**	3.7
Relating to fixed assets	**(332.0)**	(148.8)	**(132.1)**	(63.9)
Relating to other temporary differences	**22.6**	4.1	**(5.7)**	(6.9)
Relating to prior year	**-**	-	**(4.1)**	16.1
Relating to provisions	**94.9**	42.9	**45.7**	17.4
Relating to retirement benefits	**18.4**	2.2	**9.4**	-
Relating to start up costs	**84.3**	79.7	**(6.1)**	(5.2)
Relating to tax losses	**353.5**	250.4	**50.4**	54.1
Effect of rate changes on deferred tax	**-**	-	**-**	(5.6)
Valuation allowance	**(21.0)**	(13.0)	**(5.9)**	(12.9)
Total deferred tax assets	**248.3**	217.5		
Deferred tax income			**6.1**	3.5

The categorisation of temporary differences within deferred tax liabilities and deferred tax assets has been changed during 2014 to provide more relevant information to users of the accounts. The December 2013 comparatives have been changed on a consistent basis.

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 operations, net deferred tax assets of €167.8 million (2013: €151.5 million), relating predominately to unused tax losses and start up costs, have been recognised based on the expectations of future taxable profits in the period 2015 to 2024. At 31 December 2014 unused tax losses with a tax value of €21.0 million (2013: €13.0 million) have not been recognised. To the extent unutilised, €4.5 million will expire in 2015, €7.7 million will expire in 2016 and the remaining €8.8 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 31/12/14 €m	Year ended 31/12/13 €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 2014 of nil cents per share (2013: nil cents per share)	-	-
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
	340.0	270.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2014 of 202.38 cents per share (2013: 202.38 cents per share)	340.0	340.0

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 31/12/14	Year ended 31/12/13
In millions of euros		
Earnings for the purposes of basic earnings per share being net income attributable to equity holders of the parent	404.5	336.6
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	2.4	2.0

There has been no movement in the number of issued ordinary shares during the year (see note 22).

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.

12. Property, plant and equipment

2014	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 2014	1,518.5	5,550.2	99.1	13.3	655.3	7,836.4
Additions	33.6	71.8	11.7	1.2	400.7	519.0
Transfers (see note 14)	66.8	78.3	1.5	3.7	(150.8)	(0.5)
Disposals	-	(0.1)	(0.5)	(0.4)	-	(1.0)
Written off	(0.5)	(0.5)	-	-	-	(1.0)
Exchange adjustments	155.2	325.9	3.9	0.4	66.4	551.8
Cost as at 31 December 2014	1,773.6	6,025.6	115.7	18.2	971.6	8,904.7
Depreciation as at 1 January 2014	278.0	2,554.7	60.7	10.1	-	2,903.5
Charge for the year	49.6	331.5	12.9	2.3	-	396.3
Disposals	-	-	(0.5)	(0.4)	-	(0.9)
Written off	(0.1)	(0.1)	-	-	-	(0.2)
Exchange adjustments	15.0	104.1	2.7	0.3	-	122.1
Depreciation as at 31 December 2014	342.5	2,990.2	75.8	12.3	-	3,420.8
Carrying amount as at 1 January 2014	1,240.5	2,995.5	38.4	3.2	655.3	4,932.9
Carrying amount as at 31 December 2014	1,431.1	3,035.4	39.9	5.9	971.6	5,483.9

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12. Property, plant and equipment continued

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 2014 of €0.1 million (2013: €0.1 million).

At 31 December 2014, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €228.8 million (2013: €405.2 million) principally in relation to cascades, equipment and buildings.

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

	2014 €m	2013 €m
Cost at 31 December	**261.2**	237.9
Depreciation at 31 December	**(146.7)**	(126.0)
Carrying amount at 31 December	**114.5**	111.9

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

	2014 €m	2013 €m
Cost at 31 December	**272.6**	221.2
Depreciation at 31 December	**(51.0)**	(35.3)
Carrying amount at 31 December	**221.6**	185.9

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

13. Investment property

2014	Total €m
Cost as at 1 January 2014	**5.8**
Exchange adjustments	**0.3**
Cost as at 31 December 2014	**6.1**
Depreciation as at 1 January 2014	**-**
Charge for the year	**0.3**
Exchange adjustments	**-**
Depreciation as at 31 December 2014	**0.3**
Carrying amount as at 1 January 2014	**5.8**
Carrying amount as at 31 December 2014	**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 €5.4m and direct attributable costs of €0.3m. The fair value at 31 December 2014 was €6.1m (31 December 2013: €5.7m).

The costs will be depreciated on a straight-line basis over 10 years from the date of acquisition.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to €1.0 million (2013: €nil million). Direct operating expenses arising on the investment property amounted to €0.2 million (2013: €nil million).

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

14. Intangible assets

2014	Licence costs €m	Other software assets €m	Waiver payments €m	Total €m
Cost as at 1 January 2014	**57.6**	**75.8**	**6.6**	**140.0**
Additions	**3.0**	**2.5**	**-**	**5.5**
Transfers (see note 12)	**-**	**0.5**	**-**	**0.5**
Exchange adjustments	**3.7**	**5.2**	**0.5**	**9.4**
Cost as at 31 December 2014	**64.3**	**84.0**	**7.1**	**155.4**
Amortisation as at 1 January 2014	**14.3**	**49.0**	**1.5**	**64.8**
Charge for the year	**3.2**	**14.6**	**3.5**	**21.3**
Exchange adjustments	**0.6**	**4.1**	**0.2**	**4.9**
Amortisation as at 31 December 2014	**18.1**	**67.7**	**5.2**	**91.0**
Carrying amount as at 1 January 2014	**43.3**	**26.8**	**5.1**	**75.2**
Carrying amount as at 31 December 2014	**46.2**	**16.3**	**1.9**	**64.4**

The licence costs mainly relate to the costs of obtaining a licence in the USA. This licence was granted to LES in 2006 for a 30 year term. The costs will be amortised on a straight-line basis over the remaining licence period from the date of the commencement of production in the USA. The USA enrichment plant commenced commercial operations in June 2010 having received the necessary approvals from the US Nuclear Regulatory Commission. The transfers in 2014 and 2013 relate to a reclassification from property, plant and equipment to other software assets and licence costs.

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:

	2014 €m	2013 €m
Cost at 31 December	**1.1**	1.0
Depreciation at 31 December	**(0.8)**	(0.6)
Carrying amount at 31 December	**0.3**	0.4

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

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:

	2014 €m	2013 €m
Share of the joint venture balance sheet		
Non-current assets	**21.1**	28.8
Current assets	**140.2**	158.1
Share of gross assets	**161.3**	186.9
Non-current liabilities	**(27.0)**	(26.7)
Current liabilities	**(160.6)**	(174.9)
Share of gross liabilities	**(187.6)**	(201.6)
	(26.3)	(14.7)
Unrecognised share of net liabilities of joint venture	**26.3**	14.7
Group's share of net assets	**-**	-

	For the year to 31/12/14 €m	For the year to 31/12/13 €m
Share of the joint venture results		
Total revenue	**346.6**	380.8
Group's share of profit for the year	**3.6**	6.3
Group's share of profit for the year not recognised	**(3.6)**	-
Consolidation adjustments	**-**	(19.1)
Share of results of joint venture	**-**	(12.8)

In 2012 the Group reduced the carrying value of its investment in ETC to nil, which 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 €26.3 million (2013: €14.7 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

	€m
Cost as at 1 January 2014	**0.5**
Additions	**0.2**
Cost as at 31 December 2014	**0.7**
Carrying amount as at 1 January 2014	**0.5**
Carrying amount as at 31 December 2014	**0.7**

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 €0.7 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.

For the year ended 31 December 2014

17. Financial assets

	31/12/14 €m	31/12/13 €m
Restricted cash	**9.0**	6.1

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 the agreement 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

	31/12/14 €m	31/12/13 €m
Raw materials	**39.7**	15.4
Work-in-progress	**433.1**	335.3
Finished goods	**2.4**	2.5
	475.2	353.2

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 €335.3 million in 2013 to €433.1 million in 2014 is due to enrichment activity during the year being in excess of SWU deliveries.

19. Trade and other receivables (current)

	31/12/14 €m	31/12/13 €m
Trade receivables	**358.3**	324.0
Trade receivables due from related parties (see note 32)	**0.5**	0.7
Other receivables	**29.6**	36.4
Prepayments	**155.4**	101.2
Accrued income	**0.1**	0.1
	543.9	462.4

The average contractual credit period taken on sales of goods and services is 34 days (2013: 39 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 (2013: 14 days).

The increase in Trade receivables is mainly due to a higher portion of invoices raised just before the year-end.

For terms and conditions relating to related party receivables, refer to note 32 on page 107.

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, 10% was against three customers with an external credit rating of A+ (S&P), 7% against one customer with an external credit rating of A3 (S&P) 1% against one customer with an external credit rating of Baa2 (Moodys), 18% against three customers with an external credit rating of BBB+ , 6% against 5 customers with an internal credit rating of A-, 11% against three customers with an internal credit rating of BB+ and 41% against six customers with an internal credit rating of BBB-. All amounts due at 31 December 2014 were collected by 25 February 2015.

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 €113.7 million (2013: €43.5 million).

20. Short-term bank deposits

	31/12/14 €m	31/12/13 €m
Short-term bank deposits	**322.8**	-

Short-term bank deposits comprise deposits with an original maturity of more than three months and with an end date less than twelve months from the date of the statement of financial position.

21. Cash and cash equivalents

	31/12/14 €m	31/12/13 €m
Cash and cash equivalents	**199.5**	90.2

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.

22. Share capital and reserves

	31/12/14 €m	31/12/13 €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 on page 63 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.

23. Deferred income

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

	2014 €m	2013 €m
As at 1 January	**39.4**	50.3
Movement during the year	**7.9**	(10.2)
Exchange difference	**2.3**	(0.7)
As at 31 December	**49.6**	39.4
Included in current liabilities	**8.7**	1.6
Included in non-current liabilities	**40.9**	37.8
	49.6	39.4

The movement during the year was mainly due to a customer making a prepayment against future deliveries under and enrichment contract (2013 movement was due to deliveries being made under a contract which had been prepaid by the customer at the end of 2012). 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.

24. 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 or debt issues. 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, short-term bank deposits, trade and other receivables and derivative financial instruments, which represent the Group's maximum exposure totalling €951.7 million (2013: €551.3 million).

The Group trades only 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, short-term deposits, 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 maintain a proportion of its borrowings at fixed rates of interest. Given the current low level of interest rates the Group has issued medium term fixed rate bonds, the Board having approved the Group to exceed the previous 60% fixed rate limit. The Group has entered 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 2014, after taking into account the effect of fixed rate interest rate swaps, 84% of the Group's borrowings are at a fixed rate of interest (2013: 63%).

24. 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 2014, income would have been €5.1 million lower/(higher) (31 December 2013: €9.9 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 53% (2013: 57%) of its revenues being denominated in US dollars, whilst currently only approximately 32% (2013: 38%) of its costs are US dollar-based.

The Group also has transactional currency exposures as a result of approximately 23% (2013: 26%) 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 costs) using forward currency contracts and related derivative financial instruments. The Group's policy is to hedge forward its net contracted US dollar and sterling 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 which are denominated in US dollars and euro are designated as, and are effective hedges, of the Group's investments in US dollars and euro denominated assets. Any gains/losses arising on the retranslation of these US dollar or euro 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
2014	**+10%**	**20.6**	**37.6**	**+10%**	**55.2**	**105.7**
	-10%	**(25.1)**	**(46.0)**	**-10%**	**(67.5)**	**(129.1)**
2013	+10%	5.3	37.0	+10%	18.3	82.7
	-10%	(6.4)	(45.2)	-10%	(22.1)	(101.0)

24. 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 has €750 million (2013: €650 million) undrawn committed bank facilities. The Group manages liquidity risk by a combination of undrawn credit facilities and by refinancing debt in advance of the maturity date.

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 2014, 15% of the Group's interest bearing loans and borrowings will mature in less than one year (2013: 12%).

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

2014	**Less than 3 months €m**	**3-12 months €m**	**1-5 years €m**	**>5 years €m**	**Total €m**
Interest bearing loans and borrowings	**35.0**	**563.9**	**1,410.8**	**1,719.4**	**3,729.1**
Trade and other payables	**132.0**	**-**	**291.8**	**-**	**423.8**
Interest rate/cross currency swaps – net payment/(receipt)	**1.0**	**52.0**	**40.3**	**210.0**	**303.3**
Foreign exchange contracts	**16.0**	**26.7**	**61.7**	**-**	**104.4**
Other financial liabilities	**-**	**12.9**	**51.7**	**97.0**	**161.6**
	184.0	**655.5**	**1,856.3**	**2,026.4**	**4,722.2**

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

24. 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. Within the context of maintaining 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). FFO is defined as EBITDA adjusted for interest costs, current tax expenses, operating lease and pension obligations.TAD is interest bearing loans and borrowings adjusted for cash and short-term bank deposits, operating leases, retirement benefit obligation deficit, and tails and decommissioning provisions. The calculation use to determine FFO has been revised during the year to better reflect the methodology used by the majority of market analysts.

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 and short-term deposits divided by Total assets.

	2014 €m	2013 €m
Net debt	**2,774.0**	2,574.6
Total assets	**7,394.4**	6,243.7
Net debt to total assets	**37.5%**	41.2%

	2014 €m	2013 (restated) €m
EBITDA	**1,070.8**	967.9
Less:		
Net interest on bank borrowings and other loans	**(113.7)**	(94.1)
Unwinding of discount on provisions	**(29.8)**	(29.0)
Current tax expenses	**(122.8)**	(130.8)
Plus:		
Operating lease depreciation	**4.1**	3.9
Pension normalisation	**4.0**	5.0
Funds from operations (FFO)	**812.6**	722.9
Interest bearing loans and borrowings	**3,296.3**	2,664.8
Cash and short-term bank deposits	**(522.3)**	(90.2)
Operating lease adjustment	**107.1**	103.8
Pensions deficit	**101.6**	57.3
Deferred tax on pensions deficit	**(25.2)**	(12.7)
Tails and decommissioning provisions	**1,042.6**	861.0
Deferred tax on provisions	**(100.3)**	(76.5)
Total adjusted debt (TAD)	**3,899.8**	3,507.5
FFO/TAD	**20.8%**	20.6%

Notes to the Consolidated Financial Statements continued

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25. Other financial assets and financial liabilities

Interest bearing loans and borrowings

At 31 December	Effective interest rate %	Maturity	2014 €m	2013 €m
Current				
Bank overdrafts:			-	-
Other loans:				
$1 billion Commercial Paper Programme	Floating		-	305.5
$50 million series A Senior notes	5.82%	30 Jun 14	-	36.4
$132.2 million European Investment Bank financing facility	3.30%	29 Mar 23	**12.1**	-
$99 million European Investment Bank financing facility	3.15%	22 May 23	**9.1**	-
$108.6 million European Investment Bank financing facility	Floating	29 Jun 28	**6.4**	-
€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**	7.1
€500 million Eurobond (part)	Floating	22 May 15	**105.1**	-
€500 million Eurobond (part)	3.15%	22 May 15	**34.9**	-
€500 million Eurobond (part)	Floating	22 May 15	**204.8**	-
$50 million series A senior notes	5.51%	12 Dec 15	**41.3**	-
€25 million Eurobond	Floating	17 Dec 15	**25.6**	-
€50 million Eurobond	3.34%	17 Dec 15	**50.0**	-
			503.5	356.1
Non-current				
Other loans:				
€500 million Eurobond (part)	2.68%	22 May 15	-	109.1
€500 million Eurobond (part)	Floating	22 May 15	-	109.7
€500 million Eurobond (part)	3.15%	22 May 15	-	103.2
€500 million Eurobond (part)	Floating	22 May 15	-	212.7
$200 million Term Loan Agreement	Floating	4 Dec 15	-	145.4
$50 million series A Senior notes	5.51%	12 Dec 15	-	36.4
€25 million Eurobond	Floating	17 Dec 15	-	26.0
€50 million Eurobond	3.34%	17 Dec 15	-	50.0
$100 million series B Senior notes	6.47%	30 Jun 16	**82.7**	72.8
$100 million series B Senior notes	5.56%	12 Dec 16	**82.7**	72.8
€500 million Eurobond	4.00%	05 May 17	**500.0**	500.0
$100 million Senior notes	5.50%	11 May 17	**82.7**	72.8
€100 million Term facility agreement (inflation linked)	2.88% + inflation	7 Dec 17	**112.2**	111.7
€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	**41.3**	36.4
€750 million Eurobond	2.50%	15 Feb 21	**750.0**	-
$132.2 million European Investment Bank financing facility	3.30%	29 Mar 23	**97.1**	96.2
$99 million European Investment Bank financing facility	3.15%	22 May 23	**72.8**	72.1
€100 million European Investment Bank financing facility	4.772%	17 Oct 24	**64.3**	71.3
€500 million Eurobond	2.375%	2 Dec 24	**500.0**	-
€100 million European Investment Bank financing facility	3.34%	28 Oct 27	**85.6**	92.9
$108.6 million European Investment Bank financing facility	Floating	29 Jun 28	**83.4**	79.0
Yen 20 billion Loan Agreement	6.24%	28 Apr 38	**138.0**	138.2
			2,792.8	2,308.7
			3,296.3	2,664.8

As at 31 December 2014, after taking into account the effect of interest rate swaps, 84% of the Group's borrowings are at a fixed rate of interest (2013: 63%).

Amounts recognised in the income statement due to effective interest rate calculations are interest expense of €119.4 million (2013: €98.3 million) and interest income of €1.0 million (2013: €0.1 million).

25. Other financial assets and financial liabilities continued

During the year the Group issued €750 million bonds due 15 February 2021 and €500 million of bonds due 2 December 2024. In February, the Group announced a tender which resulted in the repayment of €170 million of the €500 million due 22 May 2015. $200 million of term loans due 4 December 2015 were repaid early during the year.

During the year the Group renewed its revolving credit facilities with eight banks, €100 million of which mature in 2018 and €650 million of which mature in 2019.

Hedging activities and derivatives

Cash flow hedges

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 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 2014, the total notional amounts of outstanding US dollar forward exchange contracts, into euro and sterling, are US $2,343.1 million (2013: US $2,023.8 million). The total notional amounts of outstanding forward euro foreign exchange contracts into sterling are €576.3 million (2013: €241.4 million).

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

	2014		2013	
	USD $m	**EUR €m**	USD $m	EUR €m
2014	**-**	**-**	700.1	93.1
2015	**993.1**	**225.4**	712.7	39.3
2016	**576.0**	**177.3**	391.0	56.4
2017	**425.0**	**136.6**	220.0	52.6
2018	**249.0**	**37.0**	-	-
2019	**100.0**	**-**	-	-
	2,343.1	**576.3**	2,023.8	241.4

The Group held 73 forward exchange contracts designated as hedges of expected US dollar sales and 13 of expected euro sales to customers throughout the world. The total contract value of US dollars sold for sterling is US $918.3 million with an average rate of US $1.5495 per £1 and the total contract value of US dollars sold for euros is US $1,424.8 million with an average rate of US $1.3350 per €1. The total contract value of euros sold for sterling is €576.3 million with an average rate of €0.8216 per £1.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to €(67.5) million (2013: €53.6 million) has been deferred in other comprehensive income. This movement of €121.1 million is due to exchange differences on the opening balance of €3.7 million, mark to market movements of €(123.9) million and €(0.9) million recycled from equity and transferred to revenue from sales of goods and services.

There was a net gain in respect of currency derivative contracts in effective hedging relationships maturing during 2014 of €0.9 million (2013: loss of €(3.3) million).

Net changes in the fair value of ineffective non-designated derivatives recognised in the income statement was a loss of €23.3 million (2013: gain of €6.1 million), and included in finance income / costs.

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 €941.6 million at 31 December 2014 (2013: €922.3 million) have fixed interest receipts at a current average rate of 5.23% (2013: 5.26%) for periods up until 2038 (2013: to 2038) and fixed interest payments at 4.31% (2013: 4.21%); floating interest payments at an average margin of 0.71% (2013: 0.71%) plus LIBOR or EURIBOR. Contracts with a nominal value of €100.0 million at 31 December 2014 (2013: €205.0 million) have fixed interest payments at an average rate of 3.15% for periods up until 2015 and have floating interest receipts at an average margin of 0.38% (2013: 0.38%) plus LIBOR or EURIBOR.

The fair value of swaps outstanding at 31 December 2014 is estimated at €71.7 million liability (combined currency and interest rate swaps) (2013: €7.1 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 €(81.9) 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.

25. Other financial assets and financial liabilities continued

Hedge of net investments in foreign operations

Included in loans at 31 December 2014 were (after-swap) borrowings of US $1,787.1 million (2013: US $1,587.1 million) which have been designated as hedges of the net investment in the US subsidiary, URENCO USA Inc. In addition, borrowings of €794.2 million (2013: €484.7 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 these borrowings are transferred to other comprehensive income to offset any gains or losses on translation of the net investments in the subsidiaries.

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 2014 €m	**Fair value 2014 €m**	Book value 2013 €m	Fair value 2013 €m
Financial assets				
Trade and other receivables	**543.9**	**543.9**	462.4	462.4
Other financial assets				
Forward foreign exchange contracts – hedged	**25.3**	**25.3**	65.2	65.2
Forward foreign exchange contracts – non-hedged	**-**	**-**	1.7	1.7
Interest rate/cross currency swaps	**15.6**	**15.6**	33.0	33.0
Short-term deposits	**322.8**	**322.8**	-	-
Cash	**199.5**	**199.5**	90.2	90.2
Total	**1,107.1**	**1,107.1**	652.5	652.5
Financial liabilities				
Interest bearing loans and borrowings				
Floating rate borrowings	**512.4**	**216.5**	987.5	982.0
Fixed rate borrowings	**2,783.9**	**3,218.8**	1,677.3	1,730.3
Trade and other payables	**423.8**	**423.8**	386.9	386.9
Derivative financial liabilities at fair value through profit or loss				
Derivatives in designated hedges	**109.0**	**109.0**	4.4	4.4
Forward foreign exchange contracts	**5.5**	**5.5**	-	-
Interest rate/cross currency swaps	**86.7**	**86.7**	30.3	30.3
Total	**3,921.3**	**4,060.3**	3,086.4	3,133.9

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.

25. 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 2014, the Group held the following instruments measured at fair value:

Assets and liabilities measured at fair value	**2014**				2013			
	€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	**25.3**	**-**	**25.3**	**-**	65.2	-	65.2	-
Forward foreign exchange contracts – non-hedged	**-**	**-**	**-**	**-**	1.7	-	1.7	-
Interest rate/cross currency swaps	**15.6**	**-**	**15.6**	**-**	33.0	-	33.0	-
Total assets measured at fair value	**40.9**	**-**	**40.9**	**-**	99.9	-	99.9	-
Financial liabilities at fair value through profit and loss								
Forward foreign exchange contracts – hedged	**109.0**	**-**	**109.0**	**-**	4.4	-	4.4	-
Forward foreign exchange contracts – non-hedged	**5.5**	**-**	**5.5**	**-**	-	-	-	-
Interest rate/cross currency swaps	**86.7**	**-**	**86.7**	**-**	30.3	-	30.3	-
Total liabilities measured at fair value	**201.2**	**-**	**201.2**	**-**	34.7	-	34.7	-

For the year ended 31 December 2014

25. Other financial assets and financial liabilities continued

Classification of financial instruments

2014	Cash and receivables €m	Derivatives used for hedging €m	Non-financial assets €m	Total €m
Assets				
Property, plant and equipment	-	-	5,483.9	5,483.9
Investment property	-	-	5.8	5.8
Intangible assets	-	-	64.4	64.4
Investments	-	-	0.7	0.7
Financial assets	9.0	-	-	9.0
Derivative financial instruments	-	40.9	-	40.9
Deferred tax assets	-	-	248.3	248.3
Trade and other receivables	388.5	-	155.4	543.9
Inventories	-	-	475.2	475.2
Short-term deposits	322.8	-	-	322.8
Cash	199.5	-	-	199.5
Total	919.8	40.9	6,433.7	7,394.4

2014	Loans and payables €m	Derivatives used for hedging €m	Other financial liabilities €m	Non-financial liabilities €m	Total €m
Liabilities					
Trade and other payables	423.8	-	-	-	423.8
Deferred income	-	-	49.6	-	49.6
Interest bearing loans and borrowings	3,296.3	-	-	-	3,296.3
Derivative financial instruments	-	201.2	-	-	201.2
Deferred tax liabilities	-	-	-	47.9	47.9
Provisions	-	-	-	1,109.8	1,109.8
Retirement benefit obligations	-	-	-	101.6	101.6
Income tax payable	-	-	-	19.1	19.1
Total	3,720.1	201.2	49.6	1,278.4	5,249.3

25. Other financial assets and financial liabilities continued

Classification of financial instruments continued

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
Short-term deposits	-	-	-	-
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

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2014

25. 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 31/12/14 €m	**Fair value liability 31/12/14 €m**	Fair value asset 31/12/13 €m	Fair value liability 31/12/13 €m
Cash flow hedges				
Within one year	**9.0**	**(44.7)**	16.6	(3.3)
1 to 2 years	**8.5**	**(31.9)**	19.9	(0.9)
2 to 3 years	**6.9**	**(18.3)**	14.7	(0.2)
3 to 4 years	**0.9**	**(13.4)**	14.0	-
More than 4 years	**-**	**(0.8)**	-	-
	25.3	**(109.1)**	65.2	(4.4)
Fair value hedges				
Within one year	**5.1**	**-**	-	-
1 to 2 years	**-**	**-**	9.7	-
2 to 3 years	**-**	**-**	-	-
3 to 4 years	**-**	**-**	-	-
More than 4 years	**-**	**-**	-	-
	5.1	**-**	9.7	-
Derivative instruments designated in part as cash flow hedges and in part as net investment hedges				
Within one year	**-**	**(4.8)**	-	-
1 to 2 years	**-**	**-**	1.8	-
2 to 3 years	**-**	**-**	-	-
3 to 4 years	**-**	**-**	-	-
More than 4 years	**-**	**(27.8)**	-	(12.1)
	-	**(32.6)**	1.8	(12.1)
Derivative instruments designated in part as fair value hedges and in part as net investment hedges				
Within one year	**-**	**(47.9)**	-	-
1 to 2 years	**-**	**-**	1.7	(8.5)
2 to 3 years	**-**	**-**	-	-
3 to 4 years	**-**	**-**	-	-
More than 4 years	**-**	**-**	-	-
	-	**(47.9)**	1.7	(8.5)
Currency derivatives not designated as cash flow hedges and charged to income				
Within one year	**10.5**	**(11.6)**	1.0	-
1 to 2 years	**-**	**-**	20.5	(9.7)
2 to 3 years	**-**	**-**	-	-
3 to 4 years	**-**	**-**	-	-
	10.5	**(11.6)**	21.5	(9.7)
Total	**40.9**	**(201.2)**	99.9	(34.7)
Of which - non-current	**16.2**	**(92.2)**	82.3	(31.4)
Of which - current	**24.7**	**(109.0)**	17.6	(3.3)

26. Provisions

	Tails disposal €m	Decommissioning of plant and machinery €m	Other €m	Total €m
At 1 January 2014	**545.5**	**315.5**	**96.7**	**957.7**
Additional provision in the year	**149.2**	**14.8**	**85.4**	**249.4**
Unwinding of discount	**19.1**	**12.8**	**(2.1)**	**29.8**
Utilisation of provision	**(48.3)**	**(4.5)**	**(105.1)**	**(157.9)**
Release of provision	**(0.2)**	**(0.3)**	**(11.9)**	**(12.4)**
Exchange difference	**28.7**	**10.3**	**4.2**	**43.2**
At 31 December 2014	**694.0**	**348.6**	**67.2**	**1,109.8**
Included in current liabilities				**1.7**
Included in non-current liabilities				**1,108.1**
				1,109.8

	Tails disposal €m	Decommissioning of plant and machinery €m	Other €m	Total €m
As at 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

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 (2013: 2% per annum) and the risk free discount rate of 4% per annum (2013: 4% per annum) and concluded they are unchanged from those applied at year end 2013. The real discount rate is 1.96% (2013: 1.96%).

During the year the tails provision increased by €149.2 million due to tails generated in that period (2013: €127.0 million). This addition to the tails provision has been recognised as a cost in the income statement under tails provision created. Costs incurred during the year on the safe deconversion, storage and disposal of tails of €48.3 million (2013: €49.8 million) have been charged against the provision.

With the exception of tails currently sent to third parties for disposal, for which €66.2 million of the tails provision will be used within the next 10 years, it is expected that €191.3 million of the provision will be used within the next 30 years and €436.5 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 €52.8 million, whilst a 10% increase in the discount rate would lead to a decrease of the provision by €41.7 million.

26. 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 (2013: 2% per annum) and the risk free discount rate of 4% per annum (2013: 4% per annum) and concluded they are unchanged from those applied at year end 2012. The real discount rate is 1.96% (2013: 1.96%).

During the year the decommissioning provision increased by €14.8 million (2013: €17.1 million) due to the installation of additional plant and machinery of €6.4 million (2013: €12.9 million) and additional container purchases of €8.4 million (2013: €4.2 million). The addition to the decommissioning provision associated with the installation of plant and machinery and additional container purchases has been recognised as an equivalent addition to the decommissioning asset in the statement of financial position.

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 €17.0 million, whilst a 10% increase in the discount rate would lead to a decrease of the provision by €16.5 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 €82.3 million due to the creation of low assay feed and reduced by €96.3 million due to expenditure incurred on re-enrichment of low assay feed. In addition to the net decrease in provisions relating to the future re-enrichment of low assay feed of €14.0 million there was a €0.4 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.

27. Retirement benefit obligations

The Group operates a number of pension schemes in the UK, Germany, the Netherlands and the USA. 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 49, 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 €2.5 million (2013: €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 2014. 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.

Key financial assumptions used:	2014 %	2013 %
Discount rate	**2.2-3.8**	3.5-4.6
Expected return on scheme assets	**5.9-19.0**	7.0-15.0
Expected rate on salary increases	**2.5-4.1**	2.5-4.4
Future pension increases	**1.8-3.1**	1.5-3.4

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	
	2014 years	2013 years	**2014 years**	2013 years	**2014 years**	2013 years
Life expectancy at age 60 for a male currently aged 60	**26.1**	27.1	**29.4**	29.2	**23.4**	23.3
Life expectancy at age 60 for a female currently aged 60	**28.6**	28.9	**31.2**	31.1	**28.0**	27.8
Life expectancy at age 60 for a male currently aged 40	**28.5**	28.6	**31.9**	31.8	**26.2**	26.1
Life expectancy at age 60 for a female currently aged 40	**30.8**	29.7	**33.8**	33.6	**30.6**	30.5

Mortality tables:	Netherlands	UK	Germany
2014	**AG Prognosetafel 2014 with TW fund specific mortality experience 2014**	**S1NA YOB tables with appropriate age ratings using CMI 2011 projections 1.5% minimum improvements p.a.**	**Heubeck table 2005 G**
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

For the year ended 31 December 2014

27. Retirement benefit obligations continued

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

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Current service cost	**(10.5)**	(10.4)
Administrative expense paid from scheme assets	**(1.0)**	(0.7)
Net interest expense on defined benefit pension scheme	**(2.5)**	(2.9)
Past service cost	**(4.4)**	0.5
	(18.4)	(13.5)

The net interest cost charge 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 €5.7 million (2013: €6.8 million).

The actual return on scheme assets was €71.8 million (2013: €49.6 million).

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

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Actuarial (losses)/gains	**(44.5)**	6.0
Exchange difference	**(3.6)**	1.2
	(48.1)	7.2

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	2014 €m			2013 €m		
	Total	**Funded schemes**	**Unfunded schemes**	Total	Funded schemes	Unfunded schemes
At 1 January	**(532.7)**	**(512.1)**	**(20.6)**	(497.4)	(477.0)	(20.4)
Current service cost	**(10.5)**	**(10.1)**	**(0.4)**	(10.4)	(10.0)	(0.4)
Past service cost	**(4.4)**	**(4.4)**	**-**	0.5	0.5	-
Interest cost	**(22.8)**	**(22.1)**	**(0.7)**	(19.7)	(19.0)	(0.7)
Actuarial loss	**(96.0)**	**(91.5)**	**(4.5)**	(26.7)	(26.6)	(0.1)
Benefits paid to members	**23.4**	**22.4**	**1.0**	16.6	15.6	1.0
Contributions by members	**(1.4)**	**(1.4)**	**-**	(1.5)	(1.5)	-
Transfer	**-**	**-**	**-**	(0.1)	(0.1)	-
Foreign exchange	**(23.6)**	**(23.6)**	**-**	6.0	6.0	-
At 31 December	**(668.0)**	**(642.8)**	**(25.2)**	(532.7)	(512.1)	(20.6)

27. Retirement benefit obligations continued

Movements in the fair value of plan assets	2014 €m	2013 €m
At 1 January	**475.4**	427.0
Interest income	**20.3**	16.8
Actuarial gains	**51.5**	32.7
Contributions by employer	**21.2**	18.3
Contributions by members	**1.4**	1.5
Benefits paid to members	**(22.4)**	(15.5)
Transfer	**-**	0.1
Administrative expenses paid from scheme assets	**(1.0)**	(0.7)
Foreign exchange	**20.0**	(4.8)
At 31 December	**566.4**	475.4

	2014 €m	2013 €m
Present value of defined benefit obligation	**(668.0)**	(532.7)
Fair value of plan assets	**566.4**	475.4
Recognised (liability) at 31 December	**(101.6)**	(57.3)

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

	Expected return		Fair value of assets	
	2014 %	2013 %	2014 €m	2013 €m
Equity instruments	**5.9-19.0**	7.0 - 15.0	**238.8**	203.3
Debt instruments	**2.4-11.1**	3.6 - 7.2	**253.1**	222.3
Other assets	**98.4**	0.5	**74.5**	49.8
			566.4	475.4

Other assets primarily relate to the mark to market position on the LDI 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 (2015) is €22.1 million.

Notes to the Consolidated Financial Statements continued

For the year ended 31 December 2014

28. Trade and other payables

Current	**31/12/14 €m**	31/12/13 €m
Trade payables	**61.8**	50.3
Other payables	**14.8**	46.7
Accruals	**155.3**	101.5
Amounts due to joint venture	**59.9**	55.2
	291.8	253.7

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 32 days (2013: 24 days).

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

Non-current	**31/12/14 €m**	31/12/13 €m
Other payables	**132.0**	133.2

Other payables comprise 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 2018.

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 six years based on the number of contracts and a weighted average life of 22 years based on the value of the contracts. The remaining terms of the leases vary from one to 97 years.

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

	31/12/14 €m	31/12/13 €m
Within one year	**4.1**	4.9
In the second to fifth years inclusive	**10.8**	9.6
After five years	**97.0**	91.9
	111.9	106.4

30. Contingent liabilities

There are no material contingent liabilities.

31. Events after the reporting period

As of 4 March 2015, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2014 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 27.

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 31/12/14 €m	Year ended 31/12/13 €m	**Year ended 31/12/13 €m**	Year ended 31/12/13 €m	**31/12/14 €m**	31/12/13 €m	**31/12/14 €m**	31/12/13 €m
BIS	**26.8**	21.5	**2.3**	1.7	**1.8**	1.0	**-**	-
E.ON	**106.9**	51.5	**-**	-	**48.3**	22.0	**-**	-
RWE	**13.1**	9.4	**22.9**	19.4	**-**	9.4	**-**	-
ETC[i]	**3.2**	3.3	**143.1**	279.4	**-**	-	**58.8**	55.2

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

The Department for Business, Innovation and Skills (BIS), 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 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 €5.5 million relating to the Joint Venture (2013: €4.9 million). Included in the share of net assets of the joint venture as a recognised liability is €34.1 million relating to the Joint Venture (2013: €19.7 million).

During the year, Group companies contributed €21.6 million (2013: €17.4 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 47.

	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Short-term employee benefits	**2.5**	2.2
Post-employment benefits	**0.2**	0.2
	2.7	2.4

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 2014

Company Financial Statements

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 2015

Company Balance Sheet

For the year ended 31 December 2014

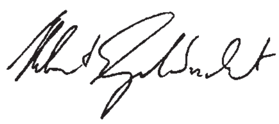
	Notes	**2014 €m**	2013 €m
Fixed assets			
Tangible assets	5	**10.8**	5.1
Intangible assets	6	**3.0**	1.6
Investments in subsidiaries and associate	7	**2,264.6**	3,252.7
		2,278.4	3,259.4
Long-term assets			
Debtors - amounts falling due after more than one year	9	**0.5**	1.2
Current assets			
Debtors - amounts falling due within one year	8	**689.7**	588.6
Short-term deposits		**322.8**	-
Cash and cash equivalents		**174.6**	74.3
		1,187.1	662.9
Current liabilities			
Creditors - amounts falling due within one year	10	**(1,181.0)**	(1,564.0)
Net current assets/(liabilities)		**6.1**	(901.1)
Total assets less current liabilities		**2,285.0**	2,359.5
Long-term liabilities			
Creditors - amounts falling due after more than one year	11	**(1,335.6)**	(1,691.0)
Net assets before retirement benefit obligations		**949.4**	668.5
Retirement benefit obligations	12	**(5.5)**	(3.1)
Net assets		**943.9**	665.4
Capital and reserves			
Share capital	13	**237.3**	237.3
Reserves	14	**706.6**	428.1
		943.9	665.4

Registered Number 01022786

The profit after tax for the financial year of the Parent Company amounts to €650.4 million (2013: €208.8 million).

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2015.

They were signed on its behalf by:



Helmut Engelbrecht
Chief Executive Officer

Ralf ter Haar
Chief Financial Officer

Notes to the Company Financial Statements

For the year ended 31 December 2014

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 2014 was £0.80658 to €1 (2013: £0.8487 to €1) and the year end rate was £0.77667 to €1 (2013: £0.8302 to €1).

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.

Notes to the Company Financial Statements continued

For the year ended 31 December 2014

2. Employee benefits expense

The average monthly number of Company employees (including Executive Directors) was:	**2014 Number**	2013 Number
Technical	**35**	34
Administration	**102**	101
	137	135

Their aggregate remuneration comprised:	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
Wages and salaries	**15.8**	16.6
Social security costs	**2.1**	1.7
Pension costs	**2.2**	1.7
	20.1	20.0

Directors' emoluments (see page 47):	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
Emoluments	**2.1**	2.1
Amounts receivable under long-term incentive scheme	**-**	0.1
Company contributions paid to a defined benefit pension scheme	**0.2**	0.2
Company contributions paid to a defined contribution pension scheme	**-**	-
	Number	Number
Members of defined benefit pension scheme	**1**	1
Members of defined contribution schemes	**-**	1

In respect of the highest paid Director:	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
Emoluments	**0.9**	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:

	2014 €m	2013 €m
Deferred tax asset relating to fixed assets	**0.2**	0.7
Deferred tax asset relating to short term timing differences	**0.3**	0.5
Total deferred tax asset	**0.5**	1.2

In addition to the above balances a further deferred tax asset of €1.7 million (2013: €1.1 million) has been recognised and netted against the Company's pension liability in accordance with FRS 17 (see note 12).

4. Dividends paid and proposed

	Year ended 31/12/14 €m	Year ended 31/12/13 €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 2014 of nil cents per share (2013: nil cents per share)	**-**	-
Final dividend for the year ended 31 December 2014 of 202.38 cents per share (2013: 160.71 cents per share)	**340.0**	270.0
	340.0	270.0
Proposed for approval at the Annual General Meeting		
Proposed final dividend for the year ended 31 December 2014 of 202.38 cents per share (2013: 202.38 cents per share)	**340.0**	340.0

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

	Fixtures and fittings €m
Cost as at 1 January 2014	**8.0**
Additions	**5.9**
Exchange adjustments	**0.7**
Cost as at 31 December 2014	**14.6**
Depreciation as at 1 January 2014	**2.9**
Charge for the year	**0.7**
Exchange adjustments	**0.2**
Depreciation as at 31 December 2014	**3.8**
Net book value as at 1 January 2014	**5.1**
Net book value as at 31 December 2014	**10.8**

6. Intangible assets

	Software assets €m
Cost as at 1 January 2014	**4.1**
Additions	**2.4**
Exchange adjustments	**0.3**
Cost as at 31 December 2014	**6.8**
Amortisation as at 1 January 2014	**2.5**
Charge for the year	**1.1**
Exchange adjustments	**0.2**
Amortisation as at 31 December 2014	**3.8**
Net book value as at 1 January 2014	**1.6**
Net book value as at 31 December 2014	**3.0**

Notes to the Company Financial Statements continued

For the year ended 31 December 2014

7. Investments in subsidiaries and associate

	Shares in subsidiary and associated undertakings €m
Cost as at 1 January 2014	**3,485.6**
Additions	**170.0**
Reduction	**(1,158.1)**
Cost as at 31 December 2014	**2,497.50**
Impairment as at 1 January 2014 and at 31 December 2014	**(232.9)**
Net book value as at 1 January 2014	**3,252.7**
Net book value as at 31 December 2014	**2,264.6**

The additions of €170.0 million in 2014 (2013: €680.0 million) wholly related to the capitalisation of intercompany loans with URENCO USA Inc. in exchange of new shares issued to the Company.

The reduction of €1,158.1 million in 2014 wholly related to a redemption of the shares held by the Company in URENCO USA Inc.

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 associate at 31 December 2014 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 associate				
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.

8. Debtors - amounts falling due within one year

	31/12/14 €m	31/12/13 €m
Amounts due from Group undertakings	**540.8**	488.8
Other debtors	**1.3**	1.6
Corporation tax receivable	**94.8**	79.1
Prepayments and accrued income	**52.8**	19.1
	689.7	588.6

Intercompany current accounts included in amounts due from Group undertakings are subject to interest. The average rate prevailing in the year was 0.38% (2013: 0.32%). The intercompany debtor is not secured on the company's assets.

9. Debtors - amounts falling due after one year

	31/12/14 €m	31/12/13 €m
Deferred tax	**0.5**	1.2

10. Creditors - amounts falling due within one year

	31/12/14 €m	31/12/13 €m
Short-term bank borrowings	**83.3**	50.7
Trade creditors	**4.4**	0.6
Amounts due to Group undertakings	**1,021.2**	1, 452.9
Amounts due to related parties	**28.6**	41.4
Other taxes and social security costs	**1.1**	0.4
Accruals	**42.4**	18.0
	1,181.0	1,564.0

Intercompany current accounts included in amounts due to Group undertakings are subject to interest. The average rate prevailing in the year was 0.38% (2013: 0.32%). The intercompany creditor is not secured on the company's assets.

11. Creditors - amounts falling after more than one year

	31/12/14 €m	31/12/13 €m
Bank and other loans repayable:		
Between 2 and 5 years:		
$350m at fixed rates of interest (2013: $400m)	**289.3**	291.0
$nil at floating rates of interest (2013: $200m)	**-**	145.5
€100m at fixed rates of interest (2013: €100m)	**100.0**	100.0
After more than 5 years:		
€150.0m at fixed rates of interest (2013: €164.4m)	**150.0**	164.4
$400.5m at fixed rates of interest (2013: $387.5m)	**331.1**	356.8
$100.9m at floating rates of interest (2013: $108.6m)	**83.4**	79.0
Total bank and other loans repayable	**953.8**	1,136.7
Amounts due to Group undertakings	**381.5**	552.8
Long-term incentive scheme accrual	**0.3**	1.5
	1,335.6	1,691.0

Intercompany current accounts included in amounts due to Group undertakings are subject to interest. The average rate prevailing in the year was 0.38% (2013: 0.32%). The intercompany creditor is not secured on the company's assets.

Notes to the Company Financial Statements continued

For the year ended 31 December 2014

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 2014. Scheme assets are stated at their market values at the balance sheet dates.

Main assumptions:

Key financial assumptions:	2014	2013
Discount rate	3.8%	4.6%
Salary increases	4.1%	4.4%
Pension increases	3.1%	3.4%
Price inflation	3.1%	3.4%

Mortality assumptions:	2014	2013
Life expectancy at age 60 for a male currently aged 60	29.4	29.2
Life expectancy at age 60 for a female currently aged 60	31.2	31.1
Life expectancy at age 60 for a male currently aged 40	31.9	31.8
Life expectancy at age 60 for a female currently aged 40	33.8	33.6

The assets and liabilities of the scheme and the expected rates of return at 31 December are:

	Long-term expected rate of return (pa) 2014 %	Market value 2014 €m	Long-term expected rate of return (pa) 2013 %	Market value 2013 €m
Equities	5.9	26.9	7.1	22.0
Bonds	2.4	20.0	3.7	16.7
Total market value of scheme assets		46.9		38.7
Present value of scheme liabilities				
Funded scheme		(54.1)		(42.9)
Pension liability before deferred tax		(7.2)		(4.2)
Related deferred tax asset		1.7		1.1
Net pension liability		(5.5)		(3.1)

12. Retirement benefit obligations continued

Change in benefit obligations	2014 €m	2013 €m
At 1 January	**(42.9)**	(40.5)
Current service costs	**(1.2)**	(1.0)
Interest cost	**(2.1)**	(1.7)
Actuarial loss	**(5.6)**	(1.6)
Benefits paid	**1.0**	1.2
Contribution by members	**(0.1)**	(0.1)
Exchange difference	**(3.2)**	0.8
At 31 December	**(54.1)**	(42.9)

Change in plan assets	2014 €m	2013 €m
At 1 January	**38.7**	35.4
Expected return on plan assets	**2.3**	1.7
Actuarial gains	**2.1**	1.6
Contribution by employer	**1.8**	1.7
Contribution by members	**0.1**	0.1
Benefits paid	**(1.0)**	(1.2)
Exchange difference	**2.9**	(0.6)
At 31 December	**46.9**	38.7

An analysis of the defined benefit cost for the year is as follows:	Year ended 31/12/14 €m	Year ended 31/12/13 €m
Current service cost	**(1.2)**	(1.0)
Total operating charge	**(1.2)**	(1.0)
Expected return on pension scheme assets	**2.3**	1.7
Interest on pension scheme liabilities	**(2.1)**	(1.7)
Total other finance income	**0.2**	-
Actual return less expected return on scheme assets	**2.1**	1.7
Experience losses on liabilities	**(5.6)**	(1.7)
Actuarial loss recognised	**(3.5)**	-

History of experience gains and losses	2014 €m	2013 €m	2012 €m	2011 €m	2010 €m
Difference between actual and expected return on assets	**2.1**	1.7	1.0	0.2	0.8
% of scheme assets	**4.5%**	4.4%	2.8%	0.6%	3.2%
Experience (losses)/gains arising on scheme liabilities	**(2.1)**	(1.7)	(3.6)	(2.2)	(0.4)
% of scheme liabilities	**(3.9)%**	(4.0)%	(8.9)%	(6.5)%	(1.6)%
Total actuarial (losses)/gains recognised	**(3.5)**	0	(2.6)	(2.0)	0.4
% of scheme liabilities	**6.5%**	0%	(6.4)%	(5.9)%	1.6%

Regular contributions to the scheme from both the members and employer for the year beginning 1 January 2015 are expected to be €1.4 million in line with 2014. 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 €1.0 million (2013: €0.7 million) has been fully expensed against profits in the current year.

Notes to the Company Financial Statements continued

For the year ended 31 December 2014

13. Called up share capital

	31/12/14 €m	31/12/13 €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 2013	**428.1**
Profit after tax for the year 2014	**650.4**
Dividends	**(340.0)**
Actuarial loss on retirement benefit obligation	**(3.5)**
Deferred tax on actuarial loss	**0.5**
Net exchange effect on defined benefit obligation	**0.3**
Foreign exchange retranslation	**(29.2)**
At 31 December 2014	**706.6**

15. Obligations under leases

	31/12/14 €m	31/12/13 €m
Other operating leases which expire:		
In the second to fifth years inclusive	**0.3**	0.3
In over five years	**0.6**	0.6
Total	**0.9**	0.9

16. Related party transactions

At the balance sheet date, amounts due from subsidiary undertakings were €540.8 million (2013: €488.8 million) comprising current assets of €540.8 million (2013: €488.8 million) and long-term loans of €nil million (2013: €nil million).

At the balance sheet date, amounts due to subsidiary undertakings and related parties were €1,431.3 million (2013: €2,047.1 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 0.38% (2013: 0.32%).

Transactions with the URENCO pension scheme are detailed in note 12.

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 31/12/14 €m	Year ended 31/12/13 €m	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
ETC(i)	**–**	–	**0.5**	0.3

(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 31/12/14 €m	Year ended 31/12/13 €m	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
ETC(i)	**–**	–	**–**	–

(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 31/12/14 €m	Year ended 31/12/13 €m	**Year ended 31/12/14 €m**	Year ended 31/12/13 €m
ETC(i)	**–**	–	**28.6**	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.

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 €2,505.5 million (2013: €1,652.1 million). The Directors do not expect any liability to arise under these guarantees.

18. Post balance sheet events

As of 4 March 2015, no other material structural changes or business events have occurred that might serve to alter any of the disclosures contained in the 2014 financial statements.

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 U_{235} assay. Various operational units form one enrichment plant.

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 (U_3O_8). URENCO has chosen to use U_3O_8 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 U_{235}, relative to U_{238}, 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. UF_6 enriched, typically, to between 3% and 5% U_{235} content.

Exchange rate
An exchange rate of US $1.30 to €1.00 has been used to calculate the closing order book.

Feed
Natural or reprocessed uranium, converted to UF_6, and fed into the cascades for enrichment.

FFO/TAD

FFO/TAD is the ratio of funds from operations (FFO) to total adjusted debt (TAD). FFO is defined as EBITDA adjusted for interest costs, current tax expenses and operating lease and pension obligations. TAD is interest bearing loans and borrowings adjusted for cash and short-term bank deposits, operating leases, retirement benefit obligation deficit, and tails and decommissioning provisions.

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 concentration of the fissionable U_{235} 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

Owner and operator for URENCO USA, 100% owned by the URENCO Group.

National Enrichment Facility (NEF)

Now known as URENCO USA.

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 and short-term deposits.

Net finance costs

Finance costs less finance income.

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 U_{235} isotope.

Tails (Depleted UF_6)
Uranium hexafluoride that contains a lower concentration than the natural concentration (0.711%) of the U_{235} isotope.

Tails Management Facility (TMF)
The facility constructed and operated by URENCO ChemPlants Limited that will manage the deconversion of tails to stable uranium oxide (U_3O_8). Currently under construction at URENCO's 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 U_{238}. The remaining seven atoms are U_{235} (0.711%), which is used in today's nuclear power stations to generate energy by fission.

Uranium hexafluoride (UF_6)
All enrichment processes today work with gaseous material; therefore uranium is converted to UF_6.

URENCO ChemPlants Limited
URENCO ChemPlants Limited, a subsidiary company of URENCO, is responsible for the construction and operation of the Tails Management Facility at URENCO's site at Capenhurst,UK.

URENCO USA
URENCO'S enrichment facility in New Mexico, USA, owned and operated by Louisiana Energy Services LLC.

USNRC
Nuclear Regulatory Commission – the Nuclear Regulator in the USA.

U_{235}
The fissionable uranium isotope found in natural uranium.

U_{235} assay
The weight percent of U_{235} atoms in uranium presented as a percentage of U_{235} atoms divided by all uranium atoms.

U_{238}
The non-fissionable uranium isotope that makes up most of natural uranium.

U_3O_8
Uranium oxide, the most stable form of uranium.

Working capital
Inventories, trade and other receivables, cash and cash equivalents and short-term deposits, less the current portion of trade and other payables.

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