

Company Registration No. 938893

SENIOR ENGINEERING INVESTMENTS LIMITED

Report and Financial Statements

For the year ended 31 December 2008

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Rollins
S J Nicholls

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

BANKERS

Lloyds TSB Group plc
25 Gresham Street
London EC2V 7HN

AUDITORS

Deloitte LLP
Chartered Accountants
Nottingham

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company together with the financial statements and independent auditors' report for the year ended 31 December 2008.

Principal activity

The Company continues to act as a non-trading intermediate holding company within the Senior plc group of companies and is expected to do so for the foreseeable future.

Results and dividends

The results for the year were as follows:

	£000
Profit and loss account, 1 January 2008	2,321
Profit for the financial year	<u>779</u>
Profit and loss account, 31 December 2008	<u>3,100</u>

The company achieved a good level of profit and its financial position remains strong. This, combined with the support of its ultimate parent company (Senior plc), give the directors the expectation that the company will have adequate resources to continue in existence for the foreseeable future. Accordingly, the Board has continued to adopt the going concern basis in preparing the company's Financial Statements.

Directors

The following Directors held office during the year:

G R Menzies (resigned 25 April 2008)
M Rollins
S J Nicholls (appointed 25 April 2008)

Laying of accounts and reports

In accordance with Sections 252 and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 3 July 2003, to dispense with the laying of accounts and reports before the Company in general meeting.

Annual general meeting

In accordance with Sections 366A and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 3 July 2003, to dispense with the holding of annual general meetings.

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT (continued)

Auditors

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

In accordance with Sections 386 and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 3 July 2003, to dispense with the obligation to appoint auditors annually.

Approved by the Board of Directors
and signed on behalf of the Board



A J Bodenham
Secretary

SENIOR ENGINEERING INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 instruments for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

SENIOR ENGINEERING INVESTMENTS LIMITED

We have audited the financial statements of Senior Engineering Investments Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

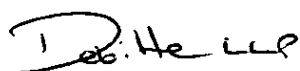
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte LLP

Chartered Accountants and Registered Auditors
Nottingham
United Kingdom

14 May 2009

SENIOR ENGINEERING INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Notes	2008 £000	2007 £000
Income from shares in group undertakings	2	7,670	7,455
Interest receivable and similar income	3	2,776	2,353
Interest payable and similar charges	4	<u>(11,636)</u>	<u>(14,477)</u>
Loss on ordinary activities before taxation	5	(1,190)	(4,669)
Tax on loss on ordinary activities	6	<u>1,969</u>	<u>3,553</u>
Profit / (loss) for the financial year after taxation	12	<u>779</u>	<u>(1,116)</u>

All activities relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2008

	2008 £000	2007 £000
Profit / (loss) for the financial year	779	(1,116)
Currency translation differences on foreign currency net investments	-	(1,040)
Currency translation differences on foreign currency loans	<u>-</u>	<u>1,038</u>
Total recognised gains / (losses) for the financial year	<u>779</u>	<u>(1,118)</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

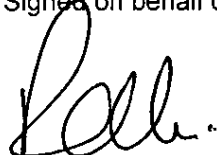
BALANCE SHEET

31 December 2008

	Notes	2008 £000	2007 £000
Fixed assets			
Investments in subsidiary undertakings, net	7	<u>303,577</u>	<u>303,577</u>
Current assets			
Debtors: Amounts falling due after more than one year	8	-	36,500
Debtors: Amounts falling due within one year	8	39,553	372
Cash at bank and in hand		<u>2,914</u>	<u>1,069</u>
		42,467	37,941
Creditors: Amounts falling due within one year	9	<u>(193,552)</u>	<u>(346)</u>
Net current (liabilities) / assets		<u>(151,085)</u>	<u>37,595</u>
Total assets less current liabilities		152,492	341,172
Creditors: Amounts falling due after more than one year	10	-	<u>(189,459)</u>
Net assets		<u>152,492</u>	<u>151,713</u>
 Capital and reserves			
Called up share capital	11	149,000	149,000
Profit and loss account	12	3,100	2,321
Other reserves	12	<u>392</u>	<u>392</u>
Shareholders' funds	12	<u>152,492</u>	<u>151,713</u>

These financial statements were approved by the Board of Directors and authorised for issue on 7 May 2009.

Signed on behalf of the Board of Directors:



M Rollins
Director



S J Nicholls
Director

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and have been applied consistently in the current and prior year. The particular accounting policies adopted are described below.

a) Basis of accounting

The financial statements are prepared on the going concern basis as discussed in the directors' report under the historical cost convention.

In accordance with Section 228 (1) of the Companies Act 1985 consolidated accounts have not been prepared.

b) Investments

The Company accounts for its investments in subsidiary undertakings at cost less amounts written off for impairment. Dividends receivable are credited to the Company's profit and loss account when declared, inclusive of tax deducted at source in the country of origin.

c) Taxation

Corporation tax payable is provided on taxable profits at the effective current rate.

Deferred tax is recognised on an undiscounted basis in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future 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 that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 and laws that have been enacted or substantively enacted by the balance sheet date.

d) Foreign currencies

Transactions denominated in foreign currencies are recorded at actual exchange rates. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the rates of exchange prevailing at the year end and the gain or loss is recorded in the profit and loss account, except that exchange differences arising on equity investments denominated in foreign currencies are taken to reserves net of exchange differences arising on related foreign currency borrowings.

e) Cash flow statement

No cash flow statement has been prepared as the ultimate parent company prepares a consolidated cash flow statement which includes the results of the Company in accordance with Financial Reporting Standard No. 1.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2008

1 Accounting policies (continued)

f) Transactions with related parties

In accordance with the provision of Financial Reporting Standard No. 8, the Company has not presented details of transactions with group entities as the accounts of Senior plc, which include the Company, are publicly available.

2 Income from shares in group undertakings

	2008 £000	2007 £000
Dividends from subsidiary undertakings - UK	<u>7,670</u>	<u>7,455</u>
	<u>7,670</u>	<u>7,455</u>

3 Interest receivable and similar income

	2008 £000	2007 £000
Interest receivable – intra group	<u>2,776</u>	<u>2,353</u>
	<u>2,776</u>	<u>2,353</u>

4 Interest payable and similar charges

	2008 £000	2007 £000
Interest payable - intra group	<u>11,636</u>	<u>14,477</u>
	<u>11,636</u>	<u>14,477</u>

5 Loss on ordinary activities before taxation

Directors' remuneration for services provided to the Company was £nil (2007 - £nil).

The Company has no other employees (2007 - nil).

	2008 £000	2007 £000
Auditors' remuneration – Annual statutory audit services	<u>1</u>	<u>1</u>

6 Taxation

	2008 £000	2007 £000
Corporation tax credit at an effective rate of 28.5% (2007 – 30%) based on the loss for the year	<u>1,969</u>	<u>3,553</u>

With effect from 1 April 2008, the UK corporation tax rate was reduced from 30% to 28%.

The tax credit for the year is disproportionate as the majority of income is not subject to corporation tax.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2008

6 Taxation (continued)

Reconciliation of current tax credit for the year:

	2008 £000	2007 £000
Loss on ordinary activities before taxation	<u>(1,190)</u>	<u>(4,669)</u>
Tax at 28.5% (2007 – 30%) thereon	339	1,401
Effects of:		
UK dividend income	2,186	2,237
Unrelieved tax losses	<u>(556)</u>	<u>(85)</u>
Current tax credit for the year	<u>1,969</u>	<u>3,553</u>

Factors that may affect the future tax charge:

A deferred tax asset has not been recognised in respect of tax losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1,253,000 (2007 - £1,190,000). The asset would be recovered if the Company makes sufficient profits from its non-trading activities in the future.

7 Fixed asset investments in subsidiary undertakings

	Shares at cost £000	Provision for impairment £000	Net book value £000
At 1 January 2008 and 31 December 2008	<u>303,577</u>	<u>-</u>	<u>303,577</u>

The trading subsidiary undertakings of the Company, all of which are wholly-owned and registered in England and Wales are as follows:

Name	Nature of trade
Senior UK Limited	Aerospace and automotive.
Senior Hargreaves Limited	Specialised industrial.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2008

7 Fixed asset investments in subsidiary undertakings (continued)

The shares of the overseas subsidiary undertakings of the Company, with minor exceptions, are held directly or indirectly by Senior Investments A.G., a wholly-owned company incorporated in Switzerland. The overseas trading subsidiary undertakings of the Company, all of which are directly or indirectly wholly-owned by Senior Investments A.G., unless otherwise indicated, are as follows:

Name	Nature of Trade	Country of Incorporation
Senior Aerospace Ermeto S.A.S.	Aerospace	France
Senior Automotive Blois S.A.S.	Automotive	France
Senior Calorstat S.A.S.	Aerospace	France
Senior Operations Inc.	Aerospace, automotive and specialised industrial	USA
Senior Operations (Canada) Limited	Specialised industrial	Canada
Senior Berghöfer GmbH	Automotive	Germany
Senior Aerospace Bosman B.V.*	Aerospace	Holland
Senior do Brasil Ltda	Automotive	Brazil
Senior Automotive Czech s.r.o.	Automotive	Czech Republic
Senior Automotive S.A. (Pty) Limited	Automotive	South Africa
Senior India Private Limited	Automotive	India

*Directly wholly-owned by Senior Engineering Investments B.V., a wholly-owned company incorporated in The Netherlands. Senior Engineering Investments BV disposed 100% of its investment in Senior Aerospace Bosman BV to Senior Investments A.G on 23 January 2009.

8 Debtors

	2008 £000	2007 £000
Amounts falling due within one year:		
Interest receivable - due from group undertakings	53	372
Amounts due from group undertakings	39,500	-
	<u>39,553</u>	<u>372</u>
Amounts falling due after more than one year:		
Amounts due from group undertakings	-	36,500
Total Debtors	<u>39,553</u>	<u>36,872</u>

9 Creditors: Amounts falling due within one year

	2008 £000	2007 £000
Interest payable - due to group undertakings	339	346
Amounts due to group undertakings	192,070	-
Group tax relief payable	1,143	-
	<u>193,552</u>	<u>346</u>

Of the total amounts due to group undertakings, £178,700,000 bears interest at a fixed rate of 6% and £13,369,529 at variable market rates.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2008

10 Creditors: Amounts falling due after more than one year

	2008 £000	2007 £000
Amounts due to group undertakings	<u>-</u>	<u>189,459</u>

Amounts due to group undertakings are unsecured and repayable within one year.

11 Called-up equity share capital

	2008 £000	2007 £000
Authorised		
150,000,000 shares of £1 each	<u>150,000</u>	<u>150,000</u>
Allotted, called-up and fully-paid		
149,000,000 shares of £1 each (2007 – 149,000,000 shares of £1 each)	<u>149,000</u>	<u>149,000</u>

12 Shareholders' funds

	Share Capital £000	Profit & loss account £000	Other reserves £000	Total Reserves £'000	Total shareholders' funds £000
At 1 January 2008	149,000	2,321	392	2,713	151,713
Profit for the financial year	-	779	-	779	779
At 31 December 2008	<u>149,000</u>	<u>3,100</u>	<u>392</u>	<u>3,492</u>	<u>152,492</u>

Other reserves comprise a capital contribution received from the parent company during 1992 which is considered by the Company to be distributable.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2008

12 Shareholders' funds (continued)

Reconciliation of movement in shareholders' funds

	2008 £000	2007 £000
Profit / (loss) for the financial year	779	(1,116)
Shares issued	-	87,000
Difference on foreign exchange matching within reserves	-	(2)
	<u>779</u>	<u>85,882</u>
Opening shareholders' funds	<u>151,713</u>	<u>65,831</u>
Closing shareholders' funds	<u>152,492</u>	<u>151,713</u>

13 Guarantees and other financial commitments

(a) Revolving credit facility

- The Company is a guarantor, jointly and severally, with certain other group companies of a committed £80 million syndicated multi-currency revolving credit facility maturing in July 2012. At 31 December 2008 the total amounts borrowed under this facility were £20.2 million comprising £18.6 million and £1.7 million. At 31 December 2007 the total amounts borrowed under this facility were £25.0 million comprising £21.0 million and £5.5m million.

(b) Bank guarantees

- The Company is a guarantor, jointly and severally, with certain other group companies of all indebtedness of certain US group companies to their US clearing banker, including a committed single bank US\$23 million revolving credit facility and a US\$12 million letters of credit facility. At 31 December 2008 there was no amounts drawn under the revolving credit facility (2007 – US\$6 million) and US\$7.4 million drawn under the letters of credit facility (2007 – US\$9.6 million). The maturity date of these facilities was extended during the year from August 2010 to August 2011.
- The Company is a guarantor, jointly and severally, with certain other group companies of all indebtedness of these other group companies to one of the group's UK clearing bankers.

(c) Private placement loans

- The Company is a guarantor, jointly and severally with certain other group companies of US \$120 million (2007 – nil) unsecured loan notes under an agreement dated 8 October 2008.
- The Company is a guarantor, jointly and severally with certain other group companies of US \$30 million (2007 – US \$30 million) unsecured loan notes under an agreement dated 31 January 2007.
- The Company is a guarantor, jointly and severally, with certain other group companies of US \$35 million (2007 – US \$35 million) unsecured loan notes under an agreement dated 22 October 2007.

(d) Bilateral facility

- In January 2008, a new £20 million bilateral 364 day facility, with an option to extend by one year was established with the Group's principal UK clearing banks. The facility was cancelled in October 2008 following the raising of the US \$120 million loan notes.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2008

14 Parent company

The Company's parent company, ultimate parent undertaking and controlling party is Senior plc, which is registered in England and Wales. The consolidated accounts of the parent company and its subsidiaries are available to the public from Senior plc, 59/61 High Street, Rickmansworth, Hertfordshire, WD3 1RH.