

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

Report and Financial Statements

For the year ended 31 December 2016

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

CORPORATE INFORMATION

DIRECTORS

D H Squires
D J Harding
A J Bodenham

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

BANKERS

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

AUDITOR

Deloitte LLP
Cambridge United Kingdom

SENIOR ENGINEERING INVESTMENTS LIMITED

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Principal activity

Senior Engineering Investments Limited, the Company, acts as a non-trading holding company within the Senior plc Group of companies and is expected to do so for the foreseeable future.

Business review

During the year, the Company received dividends from Senior Finance Four Limited, Senior Finance Six Limited, Senior Finance Seven Limited and Senior UK Limited of £10,835,150, £11,655,242, £23,833,094 and £30,000,000 respectively.

Following the receipt of the dividend from Senior Finance Seven Limited, the Company reassessed the recoverability of the investment in Senior Finance Seven Limited and determined a write down of £23,484,022, which has been charged to the Income Statement.

Profit before tax of £50,070,370 (2015 - £18,366,000) and its financial position at the year-end remains strong with net assets of £628,997,369 (2015 - £658,927,000).

Principal risks and uncertainties

The main risk facing the Company is the underlying performance of its subsidiary companies. The directors address this by ensuring the subsidiaries have sufficient resources from within the Senior Group to be able to continue trading.

The Strategic report was approved by the Board of Directors and signed on behalf of the Board.



D J Harding

Director

18 May 2017

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors' present their report for the year ended 31 December 2016.

Results and dividends

The results for the year were as follows:

	2016 £000	2015 £000
Profit and loss account, 1 January	437,142	418,776
Profit for the financial year	50,070	18,366
Dividends paid	(80,000)	-
Profit and loss account, 31 December	<u>407,212</u>	<u>437,142</u>

Directors

The directors who served during the year and to the date of signing this report were as follows:

D H Squires
A J Bodenham
D J Harding

Directors' indemnities

Qualifying third party indemnity provisions for the benefit of the directors were renewed by the Group during the year and remain in force at the date of this report.

Going concern basis

Due to a large outstanding balance owed to Group undertakings, as stated in note 13, the Company's main risk in respect of going concern is the net current liabilities held on the Balance Sheet. Of the total amount excluding interest owed to Group undertakings of £305,336,000 (2015 - £306,097,000), the amount owed to Senior Finance Four Limited of £180,204,000 (2015 - £180,204,000) represents the largest portion of this outstanding balance.

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

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

Directors' statement as to disclosure of information to 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 auditor is unaware; and
- (2) the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


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

Auditor

The Board has proposed that KPMG LLP be appointed external Auditor for the financial year commencing 1 January 2017, in order to maintain auditor independence and comply with FRC and EU guidance on audit tendering for Senior plc, the ultimate parent company. As a result, Deloitte LLP will not be reappointed for another term.

Approved by the Board of Directors
and signed on behalf of the Board
A J Bodenham

Secretary


18 May 2017

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 101 "Reduced Disclosure Framework". 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 these 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 Financial Reporting Standard 101 "Reduced Disclosure Framework" has 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.

SENIOR ENGINEERING INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENIOR ENGINEERING INVESTMENTS LIMITED

We have audited the financial statements of Senior Engineering Investments Limited for the year ended 31st December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

SENIOR ENGINEERING INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENIOR ENGINEERING INVESTMENTS LIMITED (Continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Lee Welham FCA (Senior statutory auditor)
Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

19 May 2017

SENIOR ENGINEERING INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Other operating expenses	3	(29)	(4)
Other operating income	3	135	65
Income from shares in group undertakings	5	76,323	20,970
Write down of investment in subsidiary undertaking	4	<u>(23,484)</u>	<u>-</u>
Operating profit		52,945	21,031
Interest receivable	6	10,180	9,816
Interest payable	7	<u>(13,055)</u>	<u>(12,481)</u>
Profit on ordinary activities before taxation	8	50,070	18,366
Tax on profit on ordinary activities	9	<u>-</u>	<u>-</u>
Profit for the financial year		<u>50,070</u>	<u>18,366</u>

All activities derive from continuing operations.

There was no other comprehensive income for the year ended 31 December 2016.

SENIOR ENGINEERING INVESTMENTS LIMITED

BALANCE SHEET

At 31 December 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Investments in subsidiary undertakings	11	721,842	741,206
Loan to joint venture	12	48	724
Current assets			
Debtors	12	212,206	222,460
Cash at bank and in hand		649	1,083
		<u>212,855</u>	<u>223,543</u>
Creditors: Amounts falling due within one year	13	<u>(305,748)</u>	<u>(306,546)</u>
Net current liabilities		<u>(92,893)</u>	<u>(83,003)</u>
Net assets		<u>628,997</u>	<u>658,927</u>
Capital and reserves			
Called up share capital	14	221,785	221,785
Profit and loss account		<u>407,212</u>	<u>437,142</u>
		<u>628,997</u>	<u>658,927</u>

These financial statements were approved by the Board of Directors and authorised for issue on 18 May 2017. They were signed on its behalf by:



A J Bodenham
Director



D J Harding
Director

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Notes	Share Capital £'000	Profit and Loss account £'000	Total £'000
Balance at 1 January 2015		221,785	418,776	640,561
Profit for the year		-	18,366	18,366
Balance at 31 December 2015		<u>221,785</u>	<u>437,142</u>	<u>658,927</u>
Profit for the year		-	50,070	50,070
Dividends paid	10	-	(80,000)	(80,000)
Balance at 31 December 2016		<u>221,785</u>	<u>407,212</u>	<u>628,997</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 General information

Senior Engineering Investments Limited, the Company, is a company incorporated in the United Kingdom under the Companies Act 2006. The Company, acts as a non-trading holding company within the Senior plc Group of companies and is expected to do so for the foreseeable future.

These financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Senior plc which are publicly available.

2 Significant accounting policies

Basis of accounting

The financial statements are prepared, using the historical cost convention, in accordance with applicable United Kingdom accounting standards. The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

Going concern

The financial statements are prepared on the going concern basis. Due to a large outstanding balance owed to Group undertakings as stated in note 13, the Company's main risk in respect of going concern is the net current liabilities position held on the balance sheet. The Company's financial position and future prospects are described in the Directors' Report. This, combined with the financial 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.

Estimates and judgements

The preparation of the balance sheet in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual amounts could differ from those estimates.

The financial statements have been prepared in accordance with the Company's accounting policies approved by the Board.

Investments

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Significant accounting policies (continued)

Taxation (continued)

Deferred tax is recognised 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 to the extent that, 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 difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in 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.

Foreign currencies

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as exchange gain or loss in the profit and loss account.

Cash flow statement

As permitted by FRS 101, the Company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Senior plc, which has produced a Group cash flow statement in its accounts.

3 Other operating (expenses)/ income

	2016 £'000	2015 £'000
Other operating expenses	(29)	(4)
Other operating income	<u>135</u>	<u>65</u>

4 Write down of investment

	2016 £'000	2015 £'000
Write down in investment in subsidiary undertaking	<u>23,484</u>	<u>-</u>

SENIOR ENGINEERING INVESTMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2016

5 Income from shares in group undertakings

	2016 £'000	2015 £'000
Dividends from subsidiary undertakings - UK	<u>76,323</u>	<u>20,970</u>

6 Interest receivable

	2016 £'000	2015 £'000
Intercompany interest receivable	10,096	9,679
Other interest receivable	<u>84</u>	<u>137</u>
	<u>10,180</u>	<u>9,816</u>

7 Interest payable

	2016 £'000	2015 £'000
Intercompany interest payable	<u>13,055</u>	<u>12,481</u>

8 Profit on ordinary activities before taxation

The audit fee of £1,000 (2015 - £1,000) is borne by a related party. There were no non audit services in either financial year.

Directors' remuneration is borne by the ultimate parent company for services provided to the Company and no re-charge is made (2015 - £nil).

The Company has no other employees (2015 - nil).

9 Taxation on profit on ordinary activities

a) Analysis of tax on ordinary activities	2016 £'000	2015 £'000
UK Corporation tax charge	<u>-</u>	<u>-</u>

b) Factors affecting tax charge for the current year

The tax charge for the year differs from that resulting from applying the effective rate of UK Corporation tax of 20.0% (2015 - 20.25%) to profit before tax.

The charge for the year can be reconciled to profit before tax as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	<u>50,070</u>	<u>18,366</u>
Expected tax charge at 20.0% (2015 - 20.25%)	10,014	3,719
Non-tax deductible dividend income	(15,265)	(4,246)
Write-off of investment in subsidiary	4,697	-
Surrender of tax losses for nil consideration	554	527
Other	-	-
Tax charge for the year	<u>-</u>	<u>-</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

9 Taxation on profit on ordinary activities (continued)

c) Factors that may affect the future tax charge

The Finance (No.2) Act 2015 and Finance Act 2016 provide for reductions in the main rate of corporation tax from 20% to 19% for the financial year beginning 1 April 2017 and to 17% for the financial year beginning 1 April 2020.

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 £1,950,000 (2015 - £972,000). The asset would be recovered if the Company makes sufficient profits from its non-trading activities in the future.

10 Dividends paid

	2016 £'000	2015 £'000
Interim dividend for the year ended 31 December 2016 of 36.07p per ordinary share (2015 – nil).	<u>80,000</u>	<u>-</u>

11 Investments in subsidiary undertakings

	Shares at cost £'000	Provision for impairment £'000	Net book value £'000
At 1 January 2015	842,934	(101,795)	741,139
Additions	67	-	67
At 31 December 2015	<u>843,001</u>	<u>(101,795)</u>	<u>741,206</u>
Additions	4,120	-	4,120
Write down	-	(23,484)	(23,484)
At 31 December 2016	<u>847,121</u>	<u>(125,279)</u>	<u>721,842</u>

On 1 December 2015, the Company acquired 200,000 Ordinary B shares in Senior UK Limited for CHF 100,000 from Senior Investments GmbH.

During 2016, the Company acquired 209,500,000 ordinary shares, with a par value of Baht 100 per share, in Senior Aerospace (Thailand) Limited totalling £4,120,000 (2015 - £nil).

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

11 Investments in subsidiary undertakings (continued)

The subsidiary undertakings of the Company are as follows:

Name	Nature of Trade	Country of Incorporation
Senior Finance Four Limited ⁽¹⁾	Non-trading company	England and Wales
Senior Finance Six Limited ⁽¹⁾	Non-trading company	England and Wales
Senior Finance Seven Limited ⁽¹⁾	Non-trading company	England and Wales
Senior UK Limited ⁽¹⁾	Aerospace and automotive	England and Wales
Thermal Engineering Holding Limited ⁽²⁾	Non-trading company	England and Wales
Thermal Engineering Limited ⁽²⁾	Aerospace	England and Wales
Senior Aerospace (Thailand) Limited ⁽¹⁾	Aerospace	Thailand
Upeca Technologies Sdn Bhd ⁽¹⁾	Aerospace and Industrial	Malaysia
Upeca Valve Automation Sdn Bhd ⁽³⁾	Non-trading company	Malaysia
Upeca Engineering Sdn Bhd ⁽³⁾	Non-trading company	Malaysia
Upeca Flowtech Sdn Bhd ⁽³⁾	Industrial	Malaysia
Upeca Aerotech Sdn Bhd ⁽³⁾	Aerospace	Malaysia
Upeca Engineering (Tianjin) Co Ltd ⁽³⁾	Industrial	China
Senior Flexonics Technologies (Wuhan) Limited ⁽⁴⁾	Automotive	China
Senior US Holdings Inc. ⁽¹⁾	Non-trading company	USA
Senior Five Limited ⁽⁵⁾	Non-trading company	England and Wales
Senior Operations LLC ⁽⁶⁾	Aerospace and automotive	USA
Senior Americas One Limited ⁽⁷⁾	Non-trading company	England and Wales
Senior Americas Two Limited ⁽⁸⁾	Non-trading company	England and Wales
Senior Holdings LLC ⁽⁸⁾	Non-trading company	USA
Senior do Brasil Ltda ⁽⁸⁾	Automotive	Brazil
Senior Operations (Canada) Limited ⁽⁸⁾	Industrial	Canada
Senior Investments GmbH ⁽¹⁾	Non-trading company	Switzerland
Senior Flexonics Czech s.r.o. ⁽⁹⁾	Automotive	Czech Republic
Senior Aerospace Bosman BV ⁽⁹⁾	Aerospace	Netherlands
Senior India Private Limited ⁽⁹⁾	Automotive	India
Senior Flexonics SA (Pty) Limited ⁽⁹⁾	Automotive	South Africa
Senior IP GmbH ⁽⁹⁾	Non-trading company	Switzerland
Senior Aerospace GmbH ⁽⁹⁾	Aerospace	Switzerland
Senior France SAS ⁽⁹⁾	Non-trading company	France
Senior Calorstat SAS ⁽⁹⁾	Aerospace	France
Senior Aerospace Ermeto SAS ⁽⁹⁾	Aerospace	France
Senior Flexonics Blois SAS ⁽⁹⁾	Automotive	France
Senior Investments Deutschland GmbH ⁽⁹⁾	Non-trading company	Germany
Senior Operations GmbH ⁽⁹⁾	Non-trading company	Germany
Senior Flexonics GmbH ⁽⁹⁾	Automotive and Industrial	Germany
Lymington Precision Engineers Co. Limited ^{(10) (2)}	Industrial	England and Wales
Lymington Precision Engineering (LPE) Limited ^{(10) (2)}	Non-trading company	England and Wales
Steico Industries Inc. ⁽¹¹⁾	Aerospace	USA
Flexonics Limited	Dormant	England and Wales
Senior Aerospace Limited	Dormant	England and Wales
Senior Automotive Limited	Dormant	England and Wales
Atlas Composites Limited	Dormant	England and Wales
Senior Flexonics Limited	Dormant	England and Wales
Senior Trustee Limited	Dormant	England and Wales
Senior Investments LLC	Non-trading company	USA
Flexonics Inc.	Dormant	USA

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

11 Investments in subsidiary undertakings (continued)

- (1) Wholly and directly owned by the Company.
(2) Directly or indirectly owned by Senior UK Limited.
(3) Wholly directly owned by Upeca Technologies Sdn Bhd.
(4) Senior Flexonics Technologies (Wuhan) Limited, is a jointly controlled entity. An interest of 49% is held in this entity.
(5) Wholly and directly owned by Senior US Holdings Inc.
(6) This entity is 80% owned by Senior Five Limited and 20% owned by Senior US Holdings Inc.
(7) This entity is part owned directly by the Company and indirectly through Senior US Holdings Inc and Senior Five Limited.
(8) Directly or indirectly owned by Senior Americas One Limited.
(9) Directly or indirectly owned by Senior Investments GmbH.
(10) Lymington Precision Engineering (LPE) Limited, together with its subsidiary Lymington Precision Engineers Co. Limited, was acquired on 31 March 2015.
(11) Steico Industries, Inc. was acquired on 17 December 2015 and is owned by Senior Operations LLC.

12 Debtors

	2016 £'000	2015 £'000
Interest receivable – due from group undertakings	235	280
Amounts due from group undertakings	211,118	221,894
Loan to JV	656	-
Other debtors	197	286
	<u>212,206</u>	<u>222,460</u>

The loan to Senior Flexonics Technologies (Wuhan) Limited, a jointly controlled entity incorporated in China in which the company has a 49% interest, was £704,000 (2015 - £724,000) of which £48,000 (2015 - £724,000) is repayable after one year and £656,000 (2015 - £nil) is repayable within one year.

Intercompany loans

	2016 £'000	2015 £'000
Senior plc	19,802	49,792
Senior UK Limited	66,316	46,252
Senior US Holdings Inc.	125,000	125,850
	<u>211,118</u>	<u>221,894</u>

On 31 October 2014 the Master Agreement for borrowing advances and investing surplus cash between the Company and Senior plc was enacted. The Master Agreement allows the netting off of outstanding amounts owed to the Company by Senior plc against outstanding amounts owed by the Company to Senior plc. The net borrowing between the Company and Senior plc should not, at any time, exceed £100,000,000. Interest is calculated on a daily basis of 0.8% over 1-month LIBOR and is payable on the principle, accrued and unpaid interest. The loan balance is payable on demand. On 21 December 2016, the Master Agreement was amended (effective from 1 January 2017) to redefine the interest calculated to the aggregate of the applicable margin and the 1-month LIBOR. The applicable margin is defined as the percentage rate of the margin defined in Senior plc's primary revolving credit facility.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

12 Debtors (continued)

On 31 October 2014 the Master Agreement for borrowing advances and investing surplus cash between the Company and Senior UK limited was enacted. The Master Agreement allows the netting off of outstanding amounts owed to the Company by Senior UK limited against outstanding amounts owed by the Company to Senior UK limited. The net borrowing between the Company and Senior UK limited should not, at any time, exceed £50,000,000 (amended to £100,000,000 in the Master Agreement on 31 March 2015). Interest is calculated on a daily basis of 0.8% over 1-month LIBOR and is payable on the principle, accrued and unpaid interest. The loan balance is payable on demand. The net amount owed by Senior UK limited is £66,316,000 (2015 - £46,252,000). On 21 December 2016, the Master Agreement was amended (effective from 1 January 2017) to redefine the interest calculated to the aggregate of the applicable margin and the 1-month LIBOR. The applicable margin is defined as the percentage rate of the margin defined in Senior plc's primary revolving credit facility.

On 2 December 2011, conditional Term loans of \$30,000,000, \$95,000,000 and \$90,000,000 were made to Senior US Holdings Inc. maturing on 20 December 2019 or on default of the conditions. Interest of 6.16% per annum on the principle was payable on 20 December 2012 and each subsequent anniversary of that date until the term end. Early loan repayments were made by Senior US Holdings Inc. on 7 October 2015 of \$30,000,000 (repaying in full the Term loan of \$30,000,000) and on 19 October 2016 of \$30,000,000 (part loan repayment against \$95,000,000 Term loan).

13 Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Interest payable - owing to group undertakings	412	449
Other creditors	35	-
Amounts owing to group undertakings	<u>305,301</u>	<u>306,097</u>
	<u>305,748</u>	<u>306,546</u>
Intercompany loans		
	2016 £'000	2015 £'000
Senior plc	119,505	121,215
Senior Finance Four limited	180,204	180,204
Senior Five limited	737	621
Senior Finance Six limited	4,758	4,014
	<u>305,204</u>	<u>306,054</u>

On 18 December 2015 a US\$178,186,500 variable interest loan was received from Senior plc which matured on 20 June 2016. Interest of 1.45% was payable on the principle, accrued and unpaid interest. The loan was renewed on a six monthly basis and the principle outstanding at 31 December 2016 was US\$148,186,500 (2015 - US\$178,186,500) with interest rates ranging from 1.45% to 2.30%, the interest rate at 31 December 2016 was 2.30% (2015 - 1.45%). The loan made on 20 December 2016 matures on 20 June 2017.

The loan of £178,700,000 received from Senior Finance Four Limited is repayable on written notice within three months. Interest of 6.00% is payable on the principle, accrued and unpaid interest on the 20 June and 20 December each year. An additional variable rate loan was received from Senior Finance Four Limited on 20 December 2012 and was subsequently renewed and interest paid on a six monthly basis. The principle outstanding at 31 December 2016 was £1,504,245 (2015 - £1,504,245) with interest rates ranging from 1.55% to 1.65%, the interest rate at 31 December 2016 was 1.55% (2015 - 1.65%). The loan made on 20 December 2016 matures on 20 June 2017.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

13 Creditors: Amounts falling due within one year (continued)

On 20 December 2013 a US\$913,500 variable interest loan was received from Senior Five Limited. The loan was subsequently renewed and interest paid on a six monthly basis. The principle outstanding at 31 December 2016 was US\$913,500 (2015 - US\$913,500) with interest rates ranging from 1.45% to 2.30%, the interest rate at 31 December 2016 was 2.30% (2015 - 1.45%). The loan made on 20 December 2016 matures on 20 June 2017.

On 20 December 2013 a US\$5,900,000 variable interest loan was received from Senior Finance Six Limited. The loan was subsequently renewed and interest paid on a six monthly basis. The principle outstanding at 31 December 2016 was US\$5,900,000 (2015 - US\$5,900,000) with interest rates ranging from 1.45% to 2.31%, the interest rate at 31 December 2016 was 2.30% (2015 - 1.45%). The loan made on 20 December 2016 matures on 20 June 2017.

14 Called-up share capital

	2016 £'000	2015 £'000
Allotted, called-up and fully paid		
221,784,810 (2015 – 221,784,810) ordinary shares of £1 each	<u>221,785</u>	<u>221,785</u>

15 Guarantees

a) Private placement loans

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$95 million (2015 - \$95 million) unsecured loan notes under an agreement dated 8 October 2008. Loan notes of US \$75 million and \$20 million are due for repayment in October 2018 and October 2020 respectively. Loan notes of US \$25 million were repaid in October 2015.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$30 million (2015 - \$30 million) unsecured loan notes under an agreement dated 31 January 2007 and were repaid in January 2017. These loan notes were replaced by new €28m loan notes maturing on 1 February 2027.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$20 million (2015 – \$20 million) unsecured loan notes under an agreement dated 30 October 2015 and are due for repayment in October 2022.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$60 million (2015 - \$60 million) unsecured loan notes under an agreement dated 30 October 2015 and are due for repayment in October 2025.

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 \$50 million overdraft and letter of credit facility (2015 – US \$40 million overdraft and letter of credit facility). This was entered into in December 2012, extended in October 2014 and further amended in April 2015 and July 2016 and matures in June 2018. There were \$23.1 million (£18.6 million) loans drawn under the facility on 31 December 2016 (2015 – £16.2 million) and there were letters of outstanding credit of \$4.0 million (£3.2 million) (2015 – £3.2 million).

The Company is a guarantor, jointly and severally, with certain other group companies of all indebtedness of these other group companies to the group's UK clearing bank.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2016

15 Guarantees (continued)

c) Revolving credit facility

The Company is a guarantor, jointly and severally, with certain other Group companies of a committed £60 million syndicated multi-currency revolving credit facility, which was entered into in November 2014, and amended and extended in October 2016 for five years. As at 31 December 2016, £nil was drawn under the facility (2015 – £3.0 million).

The company is a guarantor, jointly and severally, with certain other Group companies of a committed two year £20 million syndicated sterling facility which was entered into in March 2015. As at 31 December 2016, £10 million was drawn under the facility (2015 - £20 million). This facility was amended and extended in October 2016 and matures 2019.

The company is a guarantor, jointly and severally, with certain other Group companies of two one-year term loans taken out in March 2015, a £20 million loan and a £5 million loan. The £20 million loan was extended in March 2016 for a further year and the £5 million loan was repaid in March 2016.

16 Ultimate parent company

The Company's ultimate parent company and controlling party, which prepares consolidated accounts of the Group incorporating the Company's results, is Senior plc, whose registered office is at 59/61 High Street, Rickmansworth, Hertfordshire WD3 1RH. The consolidated accounts of the Group are available to the public and can either be downloaded from the Senior plc website: www.seniorplc.com or obtained from the aforementioned address.

17 Related party transactions

The Company has taken advantage of the exemption available under FRS 101 and therefore transactions with Group entities are not disclosed as the Company is a wholly owned subsidiary of a Company which produces consolidated accounts that are publicly available.