

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

Report and Financial Statements

For the year ended 31 December 2013



SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Rollins
D 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
Southampton, 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 2013

Principal activity

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 2013, the Company continued to deliver good results, reporting a profit before tax of £39,576,000 (2012 – £30,095,000) driven by an increase in dividends received from Group undertakings

The balance sheet on page 8 shows that the Company has net assets of £556,588,000 (2012 – £565,100,000)

On 19 December 2013, the Company acquired 100% of the issued share capital of Senior Aerospace (Thailand) Limited (formerly Weston SEA (Thailand) Limited), a Company incorporated in Thailand. The fair value of the total consideration was £25,000,000 and was settled by way of an intercompany loan

During the year the Company made a further investment in its 49% interest in Senior Flexonics Technologies (Wuhan) Limited, a jointly controlled entity incorporated in China. The fair value of the total consideration was £506,000 and included acquisition related expenditure of £6,000

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 Harding

Director

25 April 2014

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT

Results and dividends

The results for the year were as follows

	2013 £000	2012 £000
Profit and loss account, 1 January	343,315	363,220
Profit for the financial year	39,576	30,095
Dividends paid	<u>(48,088)</u>	<u>(50,000)</u>
Profit and loss account, 31 December	<u>334,803</u>	<u>343,315</u>

Directors

The directors who served during the year and to the date of signing this report, except as noted below, were as follows

M Rollins
S J Nicholls (resigned 30 April 2013)
A J Bodenham (appointed 30 April 2013)
D Harding (appointed 19 December 2013)

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 12, the Company's main risk in respect of going concern is the net current liabilities held on the balance sheet. Of the total amount owed to Group undertakings of £414,820,000 (2012 - £378,075,000), the amount owed to Senior Finance Four Limited of £180,204,000 (2012 - £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 expectation that the Company will have adequate resources to continue in existence for the foreseeable future. Thus, the Board has continued to adopt the going concern basis in preparing the Company's financial statements.

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

Auditor

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

Deloitte LLP has indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

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



A J Bodenham

Secretary

25 April 2014

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 Practices (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 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, 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.

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 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, 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).

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 31 December 2013 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.

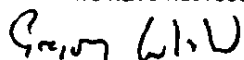
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Gregory Culshaw ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Southampton, United Kingdom
25 April 2014

SENIOR ENGINEERING INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2013

	Notes	2013 £000	2012 £000
Other operating expenses (net)	2	(18)	-
Income from shares in group undertakings	4	<u>42,573</u>	<u>32,086</u>
Operating profit		42,555	32,086
Loss on sale of subsidiary undertaking	3	-	(14)
Interest receivable	5	10,542	11,621
Interest payable	6	<u>(13,521)</u>	<u>(13,598)</u>
Profit on ordinary activities before taxation	7	39,576	30,095
Tax on profit on ordinary activities	8	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation being the retained profit for the year	14	<u>39,576</u>	<u>30,095</u>

All activities derive from continuing operations

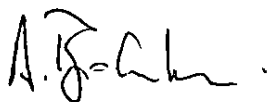
There are no recognised gains and losses other than the result for the current and preceding financial year. Accordingly, no statement of total recognised gains and losses is given.

SENIOR ENGINEERING INVESTMENTS LIMITED**BALANCE SHEET****31 December 2013**

	Notes	2013 £000	2012 £000
Fixed assets			
Investments in subsidiary undertakings	10	<u>679,687</u>	<u>654,181</u>
Current assets			
Debtors	11	290,760	287,982
Cash at bank and in hand		<u>1,377</u>	<u>1,425</u>
		292,137	289,407
Creditors: Amounts falling due within one year	12	<u>(415,236)</u>	<u>(378,488)</u>
Net current liabilities		<u>(123,099)</u>	<u>(89,081)</u>
Total assets less current liabilities being net assets		<u>556,588</u>	<u>565,100</u>
Capital and reserves			
Called up share capital	13	221,785	221,785
Profit and loss account	14	<u>334,803</u>	<u>343,315</u>
Shareholder's funds	14	<u>556,588</u>	<u>565,100</u>

These financial statements were approved by the Board of Directors and authorised for issue on 25 April 2014

Signed on behalf of the Board of Directors



A J Bodenham
Director



D Harding
Director

Company Registration No 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1 Accounting policies

The financial statements are under the historic cost convention and in accordance with applicable United Kingdom accounting standards. The following principal accounting policies have been applied consistently in the current and prior year. The particular accounting policies adopted are described below.

a) Accounting convention

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

b) Going concern

Due to a large outstanding balance owed to Group undertakings as stated in note 12, 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. Thus, the Board has continued to adopt the going concern basis in preparing the Company's Financial Statements.

c) Investments

The Company accounts for its investments in subsidiary undertakings and joint ventures 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.

d) 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.

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.

e) 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.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2013

1 Accounting policies (continued)

f) Cash flow statement

As permitted by Financial Reporting Standard No 1 (Revised), the Company has not produced a cashflow statement, as it is a wholly owned subsidiary undertaking of Senior plc, which has produced a Group cashflow statement in its accounts

g) Exemption from preparation of consolidated accounts

As permitted by the Companies Act 2006, the Company has not prepared consolidated accounts, as it is a wholly owned subsidiary of Senior plc, which is registered in England and Wales and prepared consolidated accounts that are available to the public

2 Other operating expenses (net)

	2013 £000	2012 £000
Administrative expenditure	18	-
	<u>18</u>	<u>-</u>

3 Loss profit on sale of subsidiary undertaking

	2013 £000	2012 £000
Loss on sale of subsidiary undertakings	-	14
	<u>-</u>	<u>14</u>

4 Income from shares in group undertakings

	2013 £000	2012 £000
Dividends from subsidiary undertakings - UK	26,456	9,586
Dividends from subsidiary undertakings - Overseas	16,117	22,500
	<u>42,573</u>	<u>32,086</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2013

5 Interest receivable

	2013 £000	2012 £000
Intercompany interest receivable	10,540	11,621
Other interest receivable	2	-
	<u>10,542</u>	<u>11,621</u>

6 Interest payable

	2013 £000	2012 £000
Other interest payable	-	1
Intercompany interest payable	13,521	13,597
	<u>13,521</u>	<u>13,598</u>

7 Profit on ordinary activities before taxation

The audit fee of £1,000 (2012 - £1,000) is borne by another Group Company. There were no non-audit services in either financial period.

Directors' remuneration for services provided to the Company was £nil (2012 - £nil).

The Company has no other employees (2012 - nil).

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2013

8 Taxation on profit on ordinary activities

a) Analysis of tax on ordinary activities	2013 £000	2012 £000
UK corporation tax charge	-	-

b) Factors affecting tax charge for the current year

The tax charge for the current year differs from that resulting from applying the standard rate of corporation tax of 23.25% (2012 – 24.5%) to the profit before tax

	2013 £000	2012 £000
The differences are explained below		
Profit on ordinary activities before tax	39,576	30,095
Tax charge at 23.25% (2012 – 24.5%) thereon	9,201	7,373
Effects of		
Dividend income	(9,898)	(7,861)
Profit on disposal of subsidiary undertakings	-	3
Surrender of group tax relief	697	485
Current tax charge for the year	-	-

Under the Group's current policy on Group relief, no payments are received for losses surrendered by Group undertakings

The Finance Act 2013, which provides for a reduction in the main rate of Corporation Tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of UK deferred tax at the balance sheet date.

c) 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 £4,011,000 (2012 – £5,558,000). The asset would be recovered if the Company makes sufficient profits from its non-trading activities in the future.

9 Dividends

	2013 £000	2012 £000
Interim dividend for the year ended 31 December 2013 of 21.68p per ordinary share (2012 – 22.54p)	48,088	50,000

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2013

10 Fixed asset investments in subsidiary undertakings

	Shares at cost £000	Provision for impairment £000	Net book value £000
At 1 January 2013	721,071	(66,890)	654,181
Investment in Senior Flexonics Technologies (Wuhan) Limited	506	-	506
Acquisition of Senior Aerospace (Thailand) Limited	25,000	-	25,000
At 31 December 2013	<u>746,577</u>	<u>(66,890)</u>	<u>679,687</u>

On 19 December 2013, Senior Engineering Investment Limited acquired 100% of the issued share capital of Senior Aerospace (Thailand) Limited (formerly Weston SEA (Thailand) Limited), a Company incorporated in Thailand. The fair value of the total consideration was £25,000,000 and was settled by way of an intercompany loan.

During the year the Company made a further investment in its 49% interest in Senior Flexonics Technologies (Wuhan) Limited, a jointly controlled entity incorporated in China. The fair value of the total consideration was £506,000 and included acquisition related expenditure of £6,000.

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

Name	Nature of trade
Senior UK Limited	Aerospace and automotive
Senior Finance Four Limited	Non-trading company
Senior Finance Six Limited	Non-trading company
Weston EU Limited	Aerospace
Thermal Engineering Limited *	Aerospace
Castlegate 408 Limited *	Non-trading company
Atlas Composites Limited *	Non-trading company

* Indirectly wholly-owned by Senior UK Limited, a wholly-owned company

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2013

10 Fixed asset investments in subsidiary undertakings (continued)

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

Name	Nature of Trade	Country of Incorporation
Senior Aerospace Ermeto SAS	Aerospace	France
Senior Flexonics Blois SAS	Automotive	France
Senior Calorstat SAS	Aerospace	France
Senior Flexonics GmbH	Automotive	Germany
Senior Aerospace Bosman B V	Aerospace	Holland
Senior Flexonics Czech s r o	Automotive	Czech Republic
Senior Flexonics S A (Pty) Limited	Automotive	South Africa
Senior India Private Limited	Automotive	India
Senior Aerospace GmbH	Aerospace	Switzerland
Senior IP GmbH	Licensing of IP	Switzerland
Senior Operations LLC *	Aerospace, automotive and specialised industrial	USA
Senior Holdings LLC *	Holding company	USA
Senior Operations (Canada) Limited *	Specialised industrial	Canada
Senior do Brasil Ltda *	Automotive	Brazil
Senior Five Limited *	Financing company	England
Senior Aerospace (Thailand) Limited ***	Aerospace	Thailand
Senior Flexonics Technologies (Wuhan) Limited *	Automotive	China

* Indirectly wholly-owned by Senior US Holdings Inc, a wholly-owned company

** Senior Flexonics Technologies (Wuhan) Limited, is a jointly controlled entity. An interest of 49% is held in this entity.

*** Weston SEA Limited changed its name to Senior Aerospace (Thailand) Limited on 17 January 2014.

11 Debtors

	2013 £000	2012 £000
Amounts falling due within one year		
Interest receivable – due from group undertakings	335	327
Amounts due from group undertakings	289,993	287,503
Other debtors	432	152
	<u>290,760</u>	<u>287,982</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2013

12 Creditors Amounts falling due within one year

	2013 £000	2012 £000
Interest payable - owing to group undertakings	416	413
Amounts owing to group undertakings	<u>414,820</u>	<u>378,075</u>
	<u>415,236</u>	<u>378,488</u>

Of the total amounts due to Group undertakings, £129,518,000 bears interest at a fixed rate of 6.16% and £285,302,000 at varied rates

13 Called-up share capital

	2013 £000	2012 £000
Allotted, called-up and fully paid		
221,784,810 (2012 – 221,784,810) ordinary shares of £1 each	<u>221,785</u>	<u>221,785</u>

14 Shareholder's funds and movements on reserves

	Share capital £000	Profit & loss account £000	2013 Total shareholder's funds £'000	Total 2012 Total shareholder's Funds £000
At 1 January	221,785	343,315	565,100	585,005
Profit for the financial year	-	39,576	39,576	30,095
Dividends paid	-	(48,088)	(48,088)	(50,000)
At 31 December	<u>221,785</u>	<u>334,803</u>	<u>556,588</u>	<u>565,100</u>

£286,713,470 (2012 £286,713,470) of the Company's profit and loss reserves are considered undistributable

15 Guarantees

a) Private placement loans

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$120 million (2012 – \$120 million) unsecured loan notes under an agreement dated 8 October 2008. Loan notes of US \$25 million, \$75 million and \$20 million are due for repayment in October 2015, October 2018 and October 2020 respectively.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$30 million (2012 – \$30 million) unsecured loan notes under an agreement dated 31 January 2007 and are due for repayment in January 2017.

The Company is a guarantor, jointly and severally, with certain other Group companies of US \$35 million (2012 – \$35 million) unsecured loan notes under an agreement dated 22 October 2007 and are due for repayment in October 2014.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2013

15 Guarantees (continued)

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 \$25 million overdraft (2012 – \$50m overdraft) and letter of credit facility. This was entered into in December 2012 and matures in May 2015. At 31 December 2013 there was US \$4.7 million letters of credit issued (2012 – US \$14.5 million) and no overdrafts drawn under the new facility (2012 – US \$nil).

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.

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 maturing in October 2016. There were no amounts drawn under either of these facilities as at 31 December 2013 and 31 December 2012.

16 Ultimate parent company

The Company's ultimate parent company and controlling party, which prepares consolidated accounts 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 8 and therefore transactions with Group entities are not disclosed as the Company is wholly owned subsidiary of a Company which produces consolidated accounts that are publicly available.