

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

Report and Financial Statements

For the year ended 31 December 2017



SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

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SENIOR ENGINEERING INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

CORPORATE INFORMATION

DIRECTORS

D H Squires
D J Harding (resigned 30 June 2017)
B J J Foyle (appointed 1 July 2017)
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

KPMG LLP
15 Canada Square
London E14 5GL

SENIOR ENGINEERING INVESTMENTS LIMITED

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

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 and Senior Finance Seven Limited of £143,511,289, £61,471,675 and £117,496 respectively.

Following the receipt of the dividends from Senior Finance Four Limited and Senior Finance Six Limited, the Company reassessed the recoverability of these two investments and determined write downs of £88,353,683 and £29,436,740 respectively, which have been charged to the Income Statement.

The Company's financial position at the year end remains strong with net assets of £669,816,000 (2016 - £628,997,369) and profit before tax of £89,284,000 (2016 - £50,070,370).

Principal risks and uncertainties

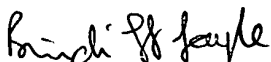
The main risk facing the Company is the underlying performance of its subsidiary companies. The directors address this by ensuring the subsidiaries have sufficient resources from within the Senior Group to be able to continue trading.

Key performance indicators and financial risk management

The Company is a holding company, ultimately owned by Senior plc, which manages its operations on a divisional basis and sets appropriate key performance indicators for each division. For this reason, the directors believe that further key performance indicators for the Company, other than profit before tax and net assets set out above, are not necessary or appropriate for an understanding of the development, performance or position of the business.

Company liquidity and credit risk on income from subsidiaries are both managed through support from the ultimate parent company (Senior plc), who ensures that the Company will have adequate resources to continue in existence for the foreseeable future.

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



B J J Foyle

Director

9 May 2018

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors' present their report for the year ended 31 December 2017.

Results and dividends

The Profit and loss account reconciliation for the year were as follows:

	2017 £000	2016 £000
Profit and loss account, 1 January	407,212	437,142
Profit for the financial year	88,819	50,070
Dividends paid	(48,000)	(80,000)
Profit and loss account, 31 December	<u>448,031</u>	<u>407,212</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 (resigned 30 June 2017)
B J J Foyle (appointed 1 July 2017)

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

The Company achieved a good level of profit in the year and its financial position is strong, with a net asset position at the Balance Sheet date. 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 or 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.

Auditor

For the financial year commencing 1 January 2017, Deloitte resigned as auditors and KPMG LLP were appointed as auditor and have indicated their willingness to be reappointed for another term. 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

9 May 2018

SENIOR ENGINEERING INVESTMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

SENIOR ENGINEERING INVESTMENTS LIMITED

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

Opinion

We have audited the financial statements of Senior Engineering Investments Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

SENIOR ENGINEERING INVESTMENTS LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.


Robert Brent (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

15 Canada Square

London

E14 5GL

7 May 2018

SENIOR ENGINEERING INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Other operating expenses	3	(849)	(29)
Other operating income	3	1,227	135
Income from shares in group undertakings	5	205,100	76,323
Write down of investment in subsidiary undertaking	4	<u>(117,790)</u>	<u>(23,484)</u>
Operating profit		87,688	52,945
Interest receivable	6	16,363	10,180
Interest payable	7	<u>(14,767)</u>	<u>(13,055)</u>
Profit on ordinary activities before taxation	8	89,284	50,070
Tax on profit on ordinary activities	9	<u>(465)</u>	<u>-</u>
Profit for the financial year		<u>88,819</u>	<u>50,070</u>

All activities derive from continuing operations.

There was no other comprehensive income for the year ended 31 December 2017.

SENIOR ENGINEERING INVESTMENTS LIMITED

BALANCE SHEET At 31 December 2017

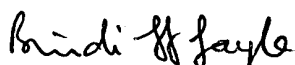
	Notes	2017 £'000	2016 £'000
Non-current assets			
Investments in subsidiary undertakings	11	611,038	721,842
Loan to joint venture	12	-	48
Debtors	12	6,050	-
Current assets			
Debtors	12	401,877	212,206
Cash and bank balances		618	649
		402,495	212,855
Creditors: Amounts falling due within one year	13	(349,767)	(305,748)
Net current assets / (liabilities)		52,728	(92,893)
Net assets		669,816	628,997
Capital and reserves			
Issued share capital	14	221,785	221,785
Profit and loss account		448,031	407,212
		669,816	628,997

These financial statements were approved by the Board of Directors and authorised for issue on 9 May 2018.

Signed on behalf of the Board of Directors:



A J Bodenham
Director



B J J Foyle
Director

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Notes	Share Capital £'000	Profit and Loss account £'000	Total £'000
Balance at 1 January 2016		221,785	437,142	658,927
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>
Profit for the year		-	88,819	88,819
Dividends paid	10	-	(48,000)	(48,000)
Balance at 31 December 2017		<u>221,785</u>	<u>448,031</u>	<u>669,816</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Senior plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; and
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets.

Where relevant, the disclosures exemptions have been given in the Group accounts of Senior plc which are publicly available.

Going concern

The financial statements are prepared on the going concern basis. 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.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

2 Significant accounting policies (continued)

Estimates and judgements

No significant critical judgments have been made when applying the Company's accounting policies. There are no estimates made that have a significant risk of resulting in a material adjustment to the carrying amount of the Company's assets and liabilities within the next financial year. 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 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.

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.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

2 Significant accounting policies (continued)

3 Other operating (expenses)/ income

	2017 £'000	2016 £'000
Other operating expenses	(849)	(29)
Other operating income	<u>1,227</u>	<u>135</u>

4 Write down of investment

	2017 £'000	2016 £'000
Write down in investment in subsidiary undertaking	<u>117,790</u>	<u>23,484</u>

5 Income from shares in group undertakings

	2017 £'000	2016 £'000
Dividends from subsidiary undertakings - UK	<u>205,100</u>	<u>76,323</u>

6 Interest receivable

	2017 £'000	2016 £'000
Intercompany interest receivable	16,363	10,096
Other interest receivable	<u>-</u>	<u>84</u>
	<u>16,363</u>	<u>10,180</u>

7 Interest payable

	2017 £'000	2016 £'000
Intercompany interest payable	14,762	13,055
Other interest payable	<u>5</u>	<u>-</u>
	<u>14,767</u>	<u>13,055</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

8 Profit on ordinary activities before taxation

The audit fee of £1,000 (2016 - £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 (2016 - £nil). The directors are not involved with the management of the affairs of the company or any such subsidiary undertaking and have therefore not performed any material qualifying services in the year as per SI2008/410 Schedule 5. The Company has no other employees (2016 - nil).

9 Taxation on profit on ordinary activities

a) Analysis of tax on ordinary activities	2017 £'000	2016 £'000
UK Corporation tax charge	<u>465</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 19.25% (2016 – 20.0%) to profit before tax.

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

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	<u>89,284</u>	<u>50,070</u>
Expected tax charge at 19.25% (2016 – 20.0%)	17,187	10,014
Non-taxable dividend income	(39,482)	(15,265)
Non-tax deductible investment write-off	22,675	4,697
Surrender of tax losses for nil consideration	-	554
Utilisation of brought forward tax losses	(380)	-
Other permanent differences	465	-
Tax charge for the year	<u>465</u>	<u>-</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

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 £10,290,000 (2016 - £10,262,000). The asset would be recovered if the Company makes sufficient profits from its non-trading activities in the future.

10 Dividends paid

	2017 £'000	2016 £'000
Interim dividend for the year ended 31 December 2017 of 21.64p per ordinary share (2016 – 36.07p).	<u>48,000</u>	<u>80,000</u>

11 Investments in subsidiary undertakings

	Shares at cost £'000	Provision for impairment £'000	Net book value £'000
At 1 January 2016	843,001	(101,795)	741,206
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>
Additions	6,986	-	6,986
Write down	-	(117,790)	(117,790)
At 31 December 2017	<u>854,107</u>	<u>(243,069)</u>	<u>611,038</u>

Following the receipt of dividends from Senior Finance Four Limited and Senior Finance Six Limited in 2017, the Company reassessed the recoverability of these two investments and determined write downs of £88,353,683 and £29,436,740 respectively, which has been charged to the Income Statement.

During 2017, the Company acquired 3,000,000 ordinary shares, with a par value of Baht 100 per share, in Senior Aerospace (Thailand) Limited totalling £6,986,395 (2016 – 2,095,000 ordinary shares totalling £4,120,000).

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

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	Non-trading company	England and Wales
Senior Finance Six Limited	Non-trading company	England and Wales
Senior Finance Seven Limited	Non-trading company	England and Wales
Senior UK Limited	Aerospace and automotive	England and Wales
Senior Aerospace (Thailand) Limited	Aerospace	Thailand
Upeca Technologies Sdn Bhd	Aerospace and Industrial	Malaysia
Senior Flexonics Technologies (Wuhan) Limited ⁽¹⁾	Automotive	China
Senior US Holdings Inc.	Non-trading company	USA
Senior Investments GmbH	Non-trading company	Switzerland

⁽¹⁾ Senior Flexonics Technologies (Wuhan) Limited, is a jointly controlled entity. An interest of 49% is held in this entity.

The registered addresses of these entities can be found in the group annual report and accounts 2017, which is available on the website <http://www.seniorplc.com/investors/reports.aspx>.

12 Debtors

	2017 £'000	2016 £'000
Interest receivable – due from group undertakings	732	235
Amounts due from group undertakings	401,047	211,118
Loan to JV	44	656
Cross currency swap contract	6,050	-
Other debtors	54	197
	<u>407,927</u>	<u>212,206</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 £44,000 (2016 - £704,000) of which £nil (2016 - £48,000) is repayable after one year and £44,000 (2016 - £656,000) is repayable within one year. Several payments were made during 2017, which accounts for the majority of the reduction in year.

The Company entered into a cross currency swap with Senior Finance Four Limited (SF4) on 25th July 2017 (effective 27th July 2017), with a termination date of 20th December 2019. Interest is paid to SF4 at a fixed rate of 8.16% on a notional principal of \$180m. Interest is received from SF4 at a fixed rate of 6.94% on a notional principal of £138.2m. The swap is marked-to-market and recognised as an asset, repayable after one year, with the fair value movement going through profit or loss, which is mostly offset by the FX movement recorded on foreign currency liabilities.

Intercompany loans

	2017 £'000	2016 £'000
Senior plc	59,338	19,802
Senior UK Limited	48,867	66,316
Senior US Holdings Inc.	292,592	125,000
Senior do Brasil Ltda	250	-
	<u>401,047</u>	<u>211,118</u>

Senior plc and Senior UK (the borrowers) each have a master agreement with the Company, enacted on 31 October 2014, for borrowing advances and investing surplus cash. The Master Agreements allow the netting off of outstanding amounts owed to the Company by the borrowers against outstanding amounts owed by the Company to the borrowers. The net borrowing between the Company and borrowers 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.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

12 Debtors (continued)

The Senior plc and Senior UK loan balances are payable on demand. On 21 December 2016, the Master Agreements were 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 the 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). On 27 July 2017, two \$90,000,000 Term loans and one \$60,000,000 Term loan, all made to Senior US Holdings Inc from Senior Finance Six Limited, were assigned to the Company. The maturity date, interest rate and terms of the loans are the same as the other three conditional loans made to Senior US Holdings Inc. The cross currency swap matches the terms of the two \$90,000,000 Term loan receivable balances entered on 27 July 2017 as a hedge of the FX risk to SEIL.

On 20 January 2017 a loan of £250,000, maturing on 20 January 2018, was issued to Senior do Brasil Ltda. Interest of 1.75% per annum is payable on maturity of the principle.

13 Creditors: Amounts falling due within one year

	2017 £'000	2016 £'000
Interest payable - owing to group undertakings	501	412
Other creditors	694	35
Current tax payable	465	-
Amounts owing to group undertakings	348,107	305,301
	<u>349,767</u>	<u>305,748</u>
Intercompany loans		
	2017 £'000	2016 £'000
Senior plc	109,768	119,505
Senior Finance Four limited	182,648	180,204
Senior Five limited	-	737
Senior Finance Six limited	-	4,758
Senior Investments GmbH	49,491	-
Upeca Technologies Sdn Bhd	6,108	-
	<u>348,015</u>	<u>305,204</u>

On 18 December 2015 a \$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 2017 was \$148,186,500 (2016 - \$148,186,500) with interest rates ranging from 2.22% to 2.71%, the interest rate at 31 December 2017 was 2.71% (2016 - 2.30%). The loan made on 20 December 2017 matures on 20 June 2018.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2017

12 Debtors (continued)

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 up to 20 December 2017, with interest rates ranging from 1.55% to 1.42%. This variable rate loan was converted into a master loan agreement with Senior Finance Four Limited on 20 December 2017. Interest on the master loan is calculated on a daily basis and is payable on the principle, accrued and unpaid interest. Interest is calculated according to the aggregate of the applicable margin and the 1-month LIBOR. The applicable margin is the percentage rate of the margin defined in Senior plc's primary revolving credit facility. The principle outstanding at 31 December 2017 was £3,947,556 (2016 - £1,504,245) and is payable on demand.

On 20 December 2013 a \$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 \$913,500 with interest rates ranging from 1.45% to 2.30%, the interest rate at 31 December 2016 was 2.30%. The loan made on 20 December 2016 matured and was fully repaid on 20 June 2017.

On 20 December 2013 a \$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 \$5,900,000 with interest rates ranging from 1.45% to 2.31%, the interest rate at 31 December 2016 was 2.30%. The loan made on 20 December 2016 was rolled over on 20 June 2017 to 20 December 2017 at an interest rate of 2.22%. On 27 July 2017, Senior Finance Six Limited assigned this loan back to the Company.

Loans of \$64,550,700 and \$350,000 were issued to Senior Investments GmbH on 27 and 28 July 2017 respectively, maturing on 20 December 2017 with an interest rate of 2.41%, payable on maturity. Another loan of \$1,912,800 was issued on 13 September 2017, maturing on the same date, with interest payable of 2.32%. On 20 December, the aggregate loan value of \$66,813,500 was rolled over to 20 June 2018 at an interest rate of 2.71%. Interest is paid on 20 June and 20 December.

Loans of MYR8,100,000, MYR13,000,000, MYR2,577,000, MYR7,143,730 and MYR1,964,270 were issued to the Company from Upeca Technologies Sdn Bhd on 15 March 2017, 25 April 2017, 25 July 2017, 8 November 2017 and 27 December 2017 respectively. The principle is payable on demand. Interest is calculated on a daily basis and capitalised against the principle, with an interest rate based on 1-month KLIBOR.

14 Issued share capital

	2017 £'000	2016 £'000
Allotted, called-up and fully paid		
221,784,810 (2016 – 221,784,810) ordinary shares of £1 each	<u>221,785</u>	<u>221,785</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2017

15 Guarantees

a) Private placement loans

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$95m (2016 - \$95m) unsecured loan notes under an agreement dated 8 October 2008. Loan notes of US \$75m million and \$20m are due for repayment in October 2018 and October 2020 respectively.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$30m (2016 - \$30m) 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 in on 1 February 2027.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$20m (2016 - \$20m) 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 \$60m (2016 - \$60m) unsecured loan notes under an agreement dated 30 October 2015 and are due for repayment in October 2025.

The Company is a guarantor, jointly and severally, with certain other Group companies, of £27m (2016 - £nil) unsecured loan notes under an agreement dated 8 December 2017. The notes were drawn down on 31 January 2018 and are due for repayment in January 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 \$50m overdraft and letter of credit facility (2016 - US \$50m overdraft and letter of credit facility). This facility was amended in May 2017; and matures in June 2019.

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. The total indebtedness to the Group's UK clearing bank as at 31 December 2017 is £2.3m net overdraft (£0.8m net credit).

c) Revolving credit facility and term loans

The Company is a guarantor, jointly and severally, with certain other Group companies of a committed £60m 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 2017, £nil was drawn under the facility (2016 - £nil).

The Company is a guarantor, jointly and severally, with certain other Group companies of a committed two-year £20m syndicated sterling facility which was entered into in March 2015, and amended and extended in October 2016 until March 2019. As at 31 December 2017, £5.0m was drawn under the facility (2016 - £10m).

The Company is a guarantor, jointly and severally, with certain other Group companies of two term loans which were taken out in March 2015, a £20m one-year term loan and a £5m one-year term loan. The £20m loan was extended in March 2016 for a further year and repaid in March 2017 and the £5m loan was repaid in March 2016.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

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.