Company Registration No. 01928053

SENIOR UK LIMITED

Report and Financial Statements

31 December 2012

SENIOR UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS

SENIOR UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Sheppard
M Rollins
S J Nicholls

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

BANKERS

Lloyds Banking Group plc
25 Gresham Street
London
EC2V 7HN

AUDITOR

Deloitte LLP
Birmingham, United Kingdom

SENIOR UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activities of the company are the manufacture of flexible tubing, composites and ducting for the aerospace and automotive industries, with no significant changes in these activities for the year under review

Turnover for the year increased by 1 3% to £71,538,000 (2011 – £70,632,000) due to a continued expansion in the company's aerospace business, although this was partially offset by a decline in sales of passenger vehicle components in European markets Operating profit increased by 18 1% to £16,433,000 (2011 – £13,910,000), with improvements largely based on the change in sales mix previously noted

The company continues to invest in research and development with the majority of its activities focused on new product development and improved manufacturing techniques In 2012 expenditure on research and development was £3,866,000 (2011 - £3,074,000)

The balance sheet on page 8 shows that the company's financial position at the year end strengthened from the previous year with net assets of £41,831,000 (2011 - £26,088,000)

On 8 February 2013, the Company acquired 100% of the issued share capital of Atlas Composites Limited and its parent company Castlegate 408 Limited (collectively "Atlas") Atlas, based in Ilkeston, Derbyshire, UK, designs and manufactures composite structures, components and tooling for aerospace, motor sport, defence and communications markets The cash consideration, net of cash acquired of £0 1m, was £2 4m and the acquisition was funded from the Senior plc group's existing debt facilities

The company is 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 are not necessary or appropriate for an understanding of the development, performance or position of the business The company has two operating sites in Senior's Aerospace division and one in the Flexonics division and the performance of these divisions is discussed in the annual report of Senior plc, which does not form part of this Report

FUTURE PROSPECTS

The directors expect market conditions to continue to improve steadily in aerospace operations, but to decline further for European passenger cars Given the Company's significant exposure to aerospace markets, in particular the large commercial aircraft market, the beneficial impact of anticipated increases in activity in these markets are expected to outweigh any negative impacts experienced by declines in sales of passenger car components In general, the company expects to deliver a satisfactory financial performance in 2013

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the company's future performance and cause actual results to differ materially from expected or historical results

The company operates in competitive market sectors and competitive pressure is therefore a continuing risk for the business In addition, the aerospace and automotive markets within which the company operates can also fluctuate, subjecting the business to market risks The company also faces risks on manufacturing performance, environmental issues, foreign exchange exposure, credit risk, liquidity risk and defined benefit pension plan funding risks

The above risks, which are the same, or similar, to those faced by Senior plc as a whole are discussed in detail within the annual report for Senior plc, which does not form part of this Report

The company's financial position and future prospects are described above The company achieved a good level of profit and positive cash flow in 2012, and its future prospects are encouraging This gives the directors the 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

FINANCIAL RISK MANAGEMENT

The company's activities primarily expose it to the financial risk of changes in foreign currency exchange rates The company uses forward currency exchange contracts to hedge this exposure and the use of these contracts is governed by Senior plc's treasury policies

DIVIDENDS AND TRANSFERS TO RESERVES

No interim dividend was paid in the year (2011 – £nil), and no final dividend is proposed (2011 – £nil) A retained profit of £16,633,000 (2011 – £13,833,000) has been transferred to reserves

DIRECTORS

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

M Sheppard
M Rollins
S J Nicholls

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

EMPLOYEE CONSULTATION

Formal and informal meetings are held with employees at the company's three operating facilities, and employees are kept informed of developments within the company and Group, and matters affecting them at their place of employment

DISABLED EMPLOYEES

Applications for employment by disabled persons are always considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of employees becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment available and abide by the terms of payment The average period for payment of trade creditors during the year was 43 days (2011 – 40 days), based on the ratio of trade creditors at the end of the year to the amounts invoiced during the year by suppliers

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 expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

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

A J Bodenham

Secretary

27 March 2013

Registered Office

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

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 instruments for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law) 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 UK LIMITED

We have audited the financial statements of Senior UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 21 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 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 2012 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 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

Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, United Kingdom
27 March 2013

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2012

	Note	2012 £000	2011 £000
TURNOVER	2	71,538	70,632
Cost of sales		(44,319)	(46,426)
GROSS PROFIT		27,219	24,206
Other operating expenses	3	(10,786)	(10,296)
OPERATING PROFIT		16,433	13,910
Finance income / (charges) (net)	5	203	(153)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	16,636	13,757
Tax on profit on ordinary activities	7	(3)	76
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING THE RETAINED PROFIT FOR THE YEAR	14	16,633	13,833

All activities derive from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2012

	2012 £000	2011 £000
Profit for the year	16,633	13,833
Currency translation difference on foreign currency net investments	(890)	(685)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	15,743	13,148

BALANCE SHEET
31 December 2012

	Note	2012 £000	2011 £000
FIXED ASSETS			
Intangible assets	8	11,810	13,498
Tangible assets	9	7,304	6,725
		19,114	20,223
CURRENT ASSETS			
Stocks	10	5,991	5,920
Debtors	11	25,955	15,195
Cash at bank and in hand		2,321	4,192
		34,267	25,307
CREDITORS amounts falling due within one year	12	(11,550)	(19,442)
NET CURRENT ASSETS		22,717	5,865
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS		41,831	26,088
CAPITAL AND RESERVES			
Called up share capital	13	2,000	2,000
Foreign currency translation reserve	14	(1,464)	(574)
Profit and loss account	14	41,295	24,662
SHAREHOLDER'S FUNDS	14	41,831	26,088

These financial statements were approved by the Board of Directors and authorised for issue on 27 March 2013

Signed on behalf of the Board of Directors

S J Nicholls

Director

Company Registration No 01928053

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2012

1. ACCOUNTING POLICIES

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

Accounting convention

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

Going concern

The company's financial position and future prospects are described in the Directors' Report The company achieved a good level of profit in 2012 and positive cash flow in 2012, and its future prospects are encouraging based on its forecasts This gives the directors the 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

Intangible fixed assets – goodwill

Where costs of acquisition exceed the values attributed to net tangible assets, the difference is treated as goodwill, which is capitalised and amortised on a straight line basis over twenty years which the directors consider to be a reasonable maximum economic life Provision is made for any impairment

Tangible fixed assets

Fixed assets are shown at cost, net of depreciation and provisions for any impairment

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows -

Freehold buildings	50 years
Short leasehold improvements	over the life of the lease
Plant, machinery and equipment	over a maximum of 10 years
Land is not depreciated	

Stocks

Stocks are stated at the lower of cost and net realisable value

Costs incurred in bringing each product to its present location and condition are based on

Raw materials	purchase cost on a first in, first out basis, including transport
Work in progress and finished goods	cost of direct materials and labour, plus an appropriate proportion of manufacturing overheads based on normal levels of activity

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and sale Provision is made for obsolete slow moving or defective items where appropriate

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

1. ACCOUNTING POLICIES (CONTINUED)

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 substantively enacted by the balance sheet date

Deferred taxation is provided in full at the anticipated tax rates on timing differences arising from the different treatment of items for accounting and taxation purposes No provision is made for deferred tax on investment revaluations A deferred tax asset is regarded as recoverable and therefore recognized only when it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted The company has elected not to discount the deferred tax assets and liabilities

Leases

Rentals under operating leases are charged to the profit and loss account as incurred

Pension costs

Defined Benefit and Defined Contribution pension benefits are available to employees through the Senior plc Pension Plan and Senior plc Group Flexible Retirement Plan respectively For the defined benefit pension scheme, the company makes contributions at rates set by Senior plc on the advice of actuaries to discharge in full the company's pension obligations arising in the year This is a multi-employer scheme As the company is unable to identify its share of the underlying assets and liabilities of the scheme it has been accounted for as though it was a defined contribution scheme Accordingly, the amount charged to the profit and loss account is the contribution payable in the year, and any variations from this cost are reflected in the accounts of Senior plc, which do not form part of this report

For the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred with the exception of expenditure on development work where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility Such expenditure is capitalised and amortised on a straight line basis over its useful life

Development work is also carried out on a funded basis In such circumstances the costs are accumulated in work in progress and are recognised when the related billings are made Any amounts held in work in progress are subject to normal stock valuation principles

Share based payments

The company has applied the requirements of FRS 20 Share based payments

Senior plc issues equity settled and cash settled share based payments to certain employees of group companies Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period, based on the group's estimate of share that will eventually vest and adjusted for the effect of non-market based vesting conditions

Fair value is measured by use of the Black Scholes options pricing model for the share option plans and a binomial model for the shares awarded under the 2005 Long Term Incentive Plan

The liability in respect of both equity-settled amounts and cash-settled amounts is included in current and non-current liabilities as appropriate

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business

Sale of goods and services are recognised when delivered in accordance with the terms and conditions of the sale

Foreign currency

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

Assets, liabilities, and results of foreign operations are translated at the rate ruling at the balance sheet date Exchange differences arising are dealt with through the foreign currency translation reserve

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to foreign exchange risk The company does not hold or issue derivative financial instruments for speculative purposes

The derivative financial instruments are not included at fair value in the accounts and when those instruments expire, the resulting gain or loss is recognised in the profit and loss account

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned Other grants are credited to the profit and loss account as the related expenditure is incurred

Cash flow statement

Under the provision of FRS 1, the company has not prepared a cash flow statement because the results of the company have been included in the consolidated accounts of Senior plc, whose accounts are publicly available

2. TURNOVER

The company's turnover and profit on ordinary activities before taxation were wholly attributable to the company's principal activity

The detailed analysis of turnover by geographical area has not been disclosed as the directors are of the opinion that such disclosures would be seriously prejudicial to the business

3. OTHER OPERATING EXPENSES

	2012 £000	2011 £000
Distribution costs	5,374	5,675
Administrative expenses	5,412	4,621
	10,786	10,296

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2012	2011
	£000	£000
Directors' remuneration		
Emoluments	-	-

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received under long-term incentive schemes During the year three directors were granted share options and three directors exercised share options

M Rollins, S J Nicholls and M Sheppard did not receive any emoluments from Senior UK Limited during either 2012 or 2011 and emoluments of M Rollins and S J Nicholls are reported in the accounts of Senior plc

The number of directors who were contributing members of pension schemes was as follows	2012 No.	2011 No
Defined benefit schemes	-	-

The above amounts for remuneration include the following in respect of the highest paid director

	2012	2011
	£000	£000
Emoluments	-	-

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2012 was £nil (2011 – £nil)

	2012	2011
Average number of persons employed	No.	No.
Production	521	474
Distribution	8	7
Sales	81	82
Administration	46	46
	656	609

	2012	2011
	£000	£000
Staff costs during the year (including directors)		
Wages and salaries	16,460	15,694
Social security costs	1,402	1,292
Pension costs – defined benefits	720	693
Pension costs – defined contributions	325	283
	18,907	17,962

5. FINANCE CHARGES (NET)

	2012	2011
	£000	£000
Intercompany loan receivable / (payable)	56	(193)
Bank interest receivable	147	40
	203	(153)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/ (crediting)	2012 £000	2011 £000
Profit on disposal of fixed assets	-	(72)
Depreciation and amounts written off tangible fixed assets	872	754
Amortisation of goodwill	1,688	1,688
Hire of plant and machinery		
Under operating leases	79	83
Other operating lease rentals	413	415
Research and development expenditure	3,866	3,074
Foreign exchange loss / (gain)	274	(436)
The analysis of auditor's remuneration is as follows		
Fees payable to the company's auditor for the audit of the company's annual financial statements	33	28
Fees payable to the company's auditor and their associates for other services to the group		
- Tax services	4	5
- Other services	5	3

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge / (credit) on ordinary activities

	2012 £000	2011 £000
Current tax		
UK corporation tax charge at 24 5% (2011 – 26 5%) on the profit for the year	-	-
Deferred tax		
Origination and reversal of timing differences	3	(76)
Tax on profit on ordinary activities	3	(76)

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(ii) Factors affecting tax charge for the current period

The tax charge for the current period differs from that resulting from applying the standard rate of corporation tax of 24 5% (2011 – 26 5%) to the profit before tax

The differences are explained below	2012 £000	2011 £000
Profit on ordinary activities before taxation	16,636	13,757
Tax at 24 5% (2011 – 26 5%) thereon	4,076	3,646
Non-deductible goodwill amortisation	413	447
Capital allowances for the period in excess of depreciation	-	(751)
Depreciation for the period in excess of capital allowances	219	-
Expenses (deductible) / not deductible for tax purposes, net	(964)	31
Utilisation of group tax relief	(3,744)	(3,373)
Current tax (credit) / charge for the period	-	-

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

Finance Act 2012 provided for a reduction in the main rate of corporation tax from 25% to 23%, effective from 1 April 2013 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% on 1 April 2014

For the year ended 31 December 2012, deferred tax has been recognised at 23%

(iii) Factors that may affect the future tax charge

	£000
At 1 January 2012	76
Charge to the profit and loss account	(3)
At 31 December 2012	73

Deferred tax assets recognised (refer to note 11)	2012 £000	2011 £000
Tax effect of timing differences due to		
Short term timing differences	59	60
Pension costs	14	16
	73	76

At the balance sheet date, the company has deductible temporary differences, for which no deferred tax asset has been recognised The potential deferred tax asset not recognised in respect of depreciation excess over capital allowances claimed of £2,606,000 (2011 - £2,393,000) Deferred tax assets have not been recognised in respect of these decelerated capital allowances due to the unpredictability of both the timing of the reversal of these temporary differences and of the profit streams of group undertakings

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

8 INTANGIBLE FIXED ASSETS

	Goodwill £000
Cost	
At 1 January 2012 and at 31 December 2012	33,754
Accumulated amortisation	
At 1 January 2012	20,256
Charge for the year	1,688
At 31 December 2012	21,944
Net book value	
At 31 December 2012	11,810
At 31 December 2011	13,498

9 TANGIBLE FIXED ASSETS

	Freehold buildings £000	Short leasehold improvements £000	Plant, machinery and equipment £000	Total £000
Cost				
At 1 January 2012	3,108	87	13,417	16,612
Additions	128	-	1,323	1,451
Disposals	-	-	(83)	(83)
At 31 December 2012	3,236	87	14,657	17,980
Accumulated depreciation				
At 1 January 2012	1,072	28	8,787	9,887
Charge for the year	70	4	798	872
Disposals	-	-	(83)	(83)
At 31 December 2012	1,142	32	9,502	10,676
Net book value				
At 31 December 2012	2,094	55	5,155	7,304
At 31 December 2011	2,036	59	4,630	6,725

10 STOCKS

	2012 £000	2011 £000
Raw materials and consumables	1,325	1,321
Work-in-progress	1,408	1,147
Finished goods and goods for resale	3,258	3,452
	5,991	5,920

There is no material difference between the balance sheet value of stocks and their replacement cost

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

11. DEBTORS

	2012 £000	2011 £000
Trade debtors	11 132	12,979
Amounts owed by group undertakings	14,150	983
VAT	-	184
Prepayments and accrued income	600	973
Deferred tax assets	73	76
	25,955	15,195

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £000	2011 £000
Overdraft	1,327	-
Trade creditors	2,610	3,467
Amounts owed to group undertakings	2,432	9,189
Other taxation and social security	772	770
Other creditors	105	130
Accruals and deferred income	4,304	5,886
	11,550	19,442

13 CALLED UP SHARE CAPITAL

	2012 £000	2011 £000
Allotted, called up and fully paid		
1,800,000 (2011 – 1,800,000) 'A' Ordinary shares of £1 each	1,800	1,800
200,000 (2011 – 200,000) 'B' Ordinary shares of £1 each	200	200
	2,000	2,000

Under the company's Articles of Association, each 'A' ordinary share and each 'B' ordinary share carries one vote

Senior Engineering Investments Limited holds 1,800,000 ordinary 'A' shares together with the 200,000 ordinary 'B' shares and thus 100% of Senior UK Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

14 SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Reserves: Profit & loss account £000	Reserves: Foreign currency translation reserve £000	Reserves: Total reserves £000	Total shareholder's funds £000
At 1 January 2012	2,000	24,662	(574)	24,088	26,088
Profit for the financial year	-	16,633	-	16,633	16,633
Exchange differences on translation of foreign operations	-	-	(890)	(890)	(890)
At 31 December 2012	2,000	41,295	(1,464)	39,831	41,831

15 SHARE BASED PAYMENTS

The company's directors and senior managers, when deemed appropriate, are issued share options from the Senior plc share based payment plans The company recognised total expenses of £148,000 (2011 – £136,000) related to equity settled share based payments

Details of the plans relating to the company's directors and employees are shown below

(i) **2005 Long Term Incentive Plan**

90,905 shares were awarded to the company's employees under the 2005 Long Term Incentive Plan on 26 March 2012 Awards under this plan have a three year vesting period, subject to earnings per share (EPS) and total shareholder return (TSR) performance conditions being met Half the awards have an attaching performance target for EPS growth of at least 3% over the three year performance period The other half of the awards begin to vest if the company's TSR falls in the top half of a comparator group at the end of the three year performance period Vesting levels increase with higher performance The awards are settled by delivering shares to the participant

The estimated fair value for the awards granted in the year with EPS conditions is 183 40p per share, which is essentially the share price at the date of grant of 195 70p per share less an allowance for dividends foregone over the three year vesting period The estimated fair value for the awards granted in the year with TSR condition is 99 80p per share, reflecting an adjustment of 54% to the fair value of awards with EPS conditions due to the stringent TSR condition

These fair values were calculated by applying a binomial option pricing model This model incorporates a technique called "bootstrapping", which models the impact of the TSR condition The model inputs at the date of grant were the share price of 195 70p, a risk-free interest rate of 0 6% per annum, expected volatility of 42 0% per annum, net dividend yield of 2 1% per annum, and the performance conditions as noted above Expected volatility was determined by calculating the historical volatility of Senior plc's share price over the previous three years

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

15. SHARE BASED PAYMENT (CONTINUED)

The following share awards were outstanding as at 31 December 2012 and 2011

	Year ended 2012 Number of shares	Year ended 2011 Number of shares
Outstanding at 1 January	187,774	276,117
Granted	90,905	20,462
Exercised	(52,456)	(88,784)
Forfeited	-	(20,021)
Outstanding at 31 December	226,223	187,774

(ii) Savings Related Share Option Plan

Senior plc operates a Savings Related Share Option Plan for eligible employees across the Group There are no performance criteria for this arrangement and options are issued to all participants in accordance with the HM Revenue & Customs rules for such savings plans Savings related share options were last awarded on 29 March 2011

The following options were outstanding as at 31 December 2012 and 2011

	Year ended 2012		Year ended 2011	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at 1 January	2,595,254	36 71p	2,387,234	25 02p
Granted	-	-	276,000	144 40p
Exercised	(2,340,754)	25 00p	-	-
Forfeited	(9,500)	144 40p	(67,980)	63 52p
Outstanding at 31 December	245,000	144 40p	2,595,254	36 71p
Exercisable at 31 December	-	-	-	-

The weighted average share price at the date of exercise for share options exercised during the period was 191 83p per share (2011 – nil)

The options outstanding at 31 December 2012 had exercise prices of 144 40p per share, and a weighted average remaining contractual life of 2 0 years

15. SHARE BASED PAYMENT (CONTINUED)

(iii) Enhanced SMIS Deferred Share Award

39,618 shares were awarded under the Enhanced SMIS Deferred Share Award on 26 March 2012 Shares under this award have a three-year deferral period and would be subject to forfeiture by a "bad leaver" over that deferral period There are no performance criteria for this award The awards are settled by delivering shares to participants

The estimated fair value for the awards granted in the year is 183 40p per share, which is essentially the share price at the grant date of 195 70p per share less an allowance for dividends foregone over the three-year deferral period

The following share awards were outstanding as at 31 December 2012 and 2011

	Year ended 2012 Number of shares	Year ended 2011 Number of shares
Outstanding at 1 January	-	-
Granted	39,618	-
Exercised	-	-
Forfeited	-	-
Outstanding at 31 December	39,618	-

16. FINANCIAL COMMITMENTS

	2012 £000	2011 £000
Capital commitments		
Contracted for but not provided	275	414

Operating lease commitments

At 31 December 2011, the company was committed to making the following payments during the next year in respect of operating leases

	2012		2011	
	Property £000	Plant and equipment £000	Property £000	Plant and equipment £000
Leases which expire				
Within one year	-	8	-	2
Within 2 to 5 years	51	58	51	84
After 5 years	327	-	399	-
	378	66	450	86

The company leases certain land and buildings under operating leases The rents payable under these leases are subject to renegotiation at various intervals specified in the leases The company pays all insurance, maintenance and repairs of these properties

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

16. FINANCIAL COMMITMENTS (CONTINUED)

Guarantees

(a) Private placement loans

The company ıs a guarantor, joıntly and severally, wıth certaın other group companıes, of US $120 mıllıon (2011 – $120 mıllıon) unsecured loan notes under an agreement dated 8 October 2008 Loan notes of US $25 mıllıon, $75 mıllıon and $20 mıllıon are due for repayment ın October 2015, October 2018 and October 2020 respectıvely

The company ıs a guarantor, joıntly and severally, wıth certaın other Group companıes, of US $30 mıllıon (2011 – $30 mıllıon) unsecured loan notes under an agreement dated 31 January 2007 and are due for repayment ın January 2017

The company ıs a guarantor, joıntly and severally, wıth certaın other group companıes of US $35 mıllıon (2011 – $35 mıllıon) unsecured loan notes under an agreement dated 22 October 2007 and are due for repayment ın October 2014

(b) Bank guarantees

The company ıs a guarantor, joıntly and severally, wıth certaın other group companıes of all ındebtedness of certaın US group companıes to theır US clearıng banker, ıncludıng a commıtted sıngle bank US $50 mıllıon overdraft and letter of credıt facılıty Thıs was entered ınto ın December 2012 and matures ın May 2015 Thıs facılıty replaced the US $25 mıllıon facılıty At 31 December 2012 there was US $14 5 mıllıon letters of credıt ıssued (2011 – US $13 2 mıllıon) and no overdrafts drawn under the new facılıty (2010 – US $nıl)

The company ıs a guarantor, joıntly and severally, wıth certaın other group companıes, of all ındebtedness of these other group companıes to the group's UK clearıng bank

(c) Revolving credit facility

The company ıs a guarantor, joıntly and severally, wıth certaın other group companıes of a commıtted £60 mıllıon syndıcated multı-currency revolvıng credıt facılıty maturıng ın October 2016 Thıs facılıty replaced a £80 mıllıon facılıty whıch was due to mature ın July 2012 There were no amounts drawn under eıther of these facılıtıes as at 31 December 2012 and 31 December 2011

17. PENSION COSTS

The company partıcıpates ın the Senıor plc Pensıon Plan The Plan ıncludes a defıned benefıt multı-employer sectıon, the assets and lıabılıtıes of whıch are held ındependently from the group The company ıs unable to ıdentıfy ıts share of the underlyıng assets and lıabılıtıes of the scheme and accordıngly accounts for the Plan as ıf ıt were a defıned contrıbutıon plan

Company contrıbutıons to the Plan for the perıod were £720,000 (2011 – £693,000) and the agreed contrıbutıon rate for the next 12 months ıs 16 6% (2011 – 16 6%) Further detaıls of the group schemes and the actuarıal valuatıons are gıven ın the Group fınancıal statements of the ultımate parent company, Senıor plc

As stated ın the Senıor plc Group fınancıal statements for the year endıng 31 December 2012, the most recent full actuarıal valuatıon, carrıed out as at 6 Aprıl 2010, was updated ın order to assess the posıtıon of the Plan at 31 December 2012 for the purposes of accountıng under IAS 19 and showed that the faır value of the Plan's assets was £205 5 mıllıon (2011 – £186 3 mıllıon) and that the actuarıal value of these assets represented 90 0% (2011 – 88 0%) of the benefıts that had accrued to members

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

17. PENSION COSTS (CONTINUED)

The assets and liabilities and the expected rates of return at 31 December 2012 and 31 December 2011 were

	2012 Fair value £m	2012 Expected rate of return	2011 Fair value £m	2011 Expected rate of return
Equities	58 7	6 2%	52 4	6 2%
Bonds	80 6	4 1%	67 1	4 1%
Gilts	67 6	2 2%	67 9	2 2%
Cash and net current (liabilities) / assets	(1 4)	2 5%	(1 1)	2 5%
Total fair value of assets	205 5	4 0%	186 3	4 0%
Present value of scheme liabilities	(228 8)		(211 6)	
Plan deficit	(23 3)		(25 3)	

The history of experience gains and losses is as follows

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Present value of defined benefit obligations	(228 8)	(211 6)	(195 8)	(188 8)	(162 8)
Fair value of plan assets	205 5	186 3	166 0	149 2	125 5
Plan deficit	(23 3)	(25 3)	(29 8)	(39 6)	(37 3)
Experience (loss)/gain on plan liabilities	(0 7)	(1 5)	3 8	0 6	0 1
Experience gain/(loss) on plan assets	5 7	11 4	5 0	8 6	(24 9)

The figures shown above were calculated on the basis of the following assumptions

	2012	2011
Major assumptions (per annum %)		
Inflation	2 9%	3 0%
Increase in salaries	2 0%	2 0%
Increase in pensions	2 9%	2 9%
Increase in deferred pensions	2 9%	3 0%
Rate used to discount plan liabilities	4 4%	4 8%
Expected return on assets	4 0%	4 0%
Life expectancy of a male aged 65 at the year-end	20 8	20 7
Life expectancy of a male aged 65, 20 years after the year-end	22 7	22 6

17. PENSION COSTS (CONTINUED)

The estimated impact on the plan deficit at 31 December 2021 for changes in assumptions is as follows

	Increase in plan deficit £m
0 5% decrease in the discount rate	19 0
One year increase in life expectancy	6 0
0 5% increase in inflation	10 0

This disclosure is taken from the consolidated accounts of Senior plc and was calculated under IAS19 This represents the best information available to the Directors

The company also operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company and amounted to £325,000 (2011 – £283,000) Contributions totalling £95,000 (2011 - £1,300) were payable to the fund at the year end and are included in creditors

18. DERIVATIVES NOT INCLUDED AT FAIR VALUE

The company has derivatives which are not included at fair value in the accounts

	Fair value 2012 £000	Fair value 2011 £000
Forward foreign exchange contracts asset / (liability)	352	(1,127)

The company enters into forward foreign exchange contracts to hedge the exchange risk arising on its trading activities in foreign currencies The fair values are based on market values of equivalent instruments at the balance sheet date

19 ULTIMATE PARENT COMPANY

The company's immediate parent company is Senior Engineering Investments Limited

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

Senior plc is the smallest and largest group in which the financial statements of Senior UK Limited are consolidated

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

20. RELATED PARTY TRANSACTIONS

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

21. POST BALANCE SHEET EVENTS

On 8 February 2013, the Company acquired 100% of the issued share capital of Atlas Composites Limited and its parent company Castlegate 408 Limited (collectively "Atlas") Atlas, based in Ilkeston, Derbyshire, UK, designs and manufactures composite structures, components and tooling for aerospace, motor sport, defence and communications markets The cash consideration, net of cash acquired of £0 1m, was £2 4m and the acquisition was funded from the Senior plc group's existing debt facilities