

SENIOR UK LIMITED

Report and Financial Statements

31 December 2015

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SENIOR UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

CONTENTS	Page
Corporate information	1
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Profit and loss account	8
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

SENIOR UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

CORPORATE INFORMATION

DIRECTORS

M Sheppard
D H Squires
A J Bodenham
D Harding

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

BANKERS

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

AUDITOR

Deloitte LLP
Cambridge, United Kingdom

SENIOR UK LIMITED

STRATEGIC REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of Senior UK Limited, the Company, are the manufacture of precision machined parts, flexible tubing, composites and ducting for the aerospace and automotive industries.

BUSINESS REVIEW

During the year the Company transitioned to FRS 101 – Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The material recognition and measurement differences arising on the adoption of FRS 101 - Reduced Disclosure Framework are detailed in Note 30 Transition from Previous UK GAAP to FRS 101.

Revenue for the year decreased by 8.7% to £118,438,000 (2014 - £129,718,000). Operating profit decreased by 24.7% to £20,560,000 (2014 - £27,320,000) mainly due to the decrease in Revenue and an increase in Other Operating Expenses to £14,796,000 (2014 - £11,952,000). No dividend was paid in the year (2014 - £30,000,000).

The Balance Sheet on page 9 shows the Company's financial position at the year end of £77,463,000 (2014 - £57,459,000) an increase of £20,004,000 year on year.

On 31 March 2015 the Company acquired 100% of the issued share capital of Lymington Precision Engineering (LPE) Limited and its subsidiary Lymington Precision Engineers Co. Limited (Lymington) for £44,615,000. Lymington are manufacturers of precision-machined components, fabrications, assemblies and kit sets for the oil and gas, telecommunications, aerospace, defence, land and sea systems, nuclear and marine industries.

On 31 December 2015 the Company acquired the net assets of Thermal Engineering Limited in exchange for cash consideration satisfied by the issue of a loan of £2,651,000 from Thermal Engineering Limited.

RESEARCH AND DEVELOPMENT

In 2015 expenditure on research and development was £4,819,000 (2014 - £3,820,000) with the majority of its activities focused on new product development and improved manufacturing techniques.

FUTURE PROSPECTS

The directors expect the Company to deliver a satisfactory financial performance in 2016.

KEY PERFORMANCE INDICATORS

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, other than revenue, operating profit and net assets set out above, are not necessary or appropriate for an understanding of the development, performance or position of the business. The Company has four operating units 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 (the Group), which does not form part of this report.

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, the Company's ultimate parent Company that prepares consolidated accounts, are discussed in detail within the Annual Report and Accounts for Senior plc, which does not form part of this report.

SENIOR UK LIMITED

STRATEGIC REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures and the use of these contracts is governed by Senior plc's treasury policy.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings. The Company has no significant concentration of credit risk, with exposure spread over a number of customers and counterparties.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company is able to use debt finance provided by other Group companies, predominantly its immediate parent Company, Senior Engineering Investments Limited.

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

A handwritten signature in black ink, appearing to read 'D Harding', is written over the printed name.

D Harding

Director

26 September 2016

SENIOR UK LIMITED

DIRECTORS' REPORT

The directors' present their report for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The results for the year were as follows:

	2015	2014
	£'000	£'000
Profit and loss account, 1 January	58,057	59,009
Profit for the financial year	21,765	29,044
Deferred tax on share options	(14)	4
Dividends paid	-	(30,000)
	<u>79,808</u>	<u>58,057</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 Sheppard
D H Squires (appointed 13 May 2015)
M Rollins (retired 13 May 2015)
A J Bodenham
D Harding

DIRECTORS INDEMNITIES

Qualifying third party indemnity provisions for the benefit of the directors were renewed by Senior plc, the ultimate parent company, 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 remains strong. This, combined with the financial support of 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.

POLITICAL CONTRIBUTIONS

The Company did not make any Political donations in either 2015 or 2014.

EXISTENCE OF BRANCHES OUTSIDE THE UK

The Company has a branch, as defined in section 1046(3) of the Companies Act 2006, in South Africa.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the 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.

SENIOR UK LIMITED

DIRECTORS' REPORT

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO 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.

AUDITOR

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

26 September 2016

SENIOR UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year 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.

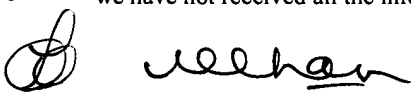
Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


Lee Welham FCA (Senior Statutory Auditor)
Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom
26 September 2016

SENIOR UK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2015

	Note	2015 £'000	2014 as restated £'000
REVENUE	5	118,438	129,718
Cost of sales		(83,082)	(90,446)
GROSS PROFIT		35,356	39,272
Other operating expenses	6	(14,796)	(11,952)
OPERATING PROFIT	7	20,560	27,320
Finance income	9	166	860
Finance expenses	10	(662)	(567)
Other income	11	-	990
Other expenses	12	-	(873)
PROFIT BEFORE TAXATION		20,064	27,730
Taxation	13	1,701	1,314
PROFIT FOR THE YEAR		21,765	29,044

STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2015

	2015 £'000	2014 as restated £'000
Profit for the year	21,765	29,044
Items that may be reclassified subsequently to profit or loss:		
Net cash flow hedge losses	(1,348)	(1,132)
Income tax on net cash flow hedge losses	270	199
Exchange differences on translation of foreign operations	(669)	135
Other comprehensive income for the year	(1,747)	(798)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	20,018	28,246

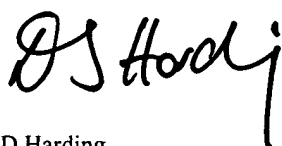
SENIOR UK LIMITED

BALANCE SHEET 31 December 2015

	Note	2015 £'000	2014 as restated £'000
NON-CURRENT ASSETS			
Goodwill	14	30,463	11,717
Other intangible assets	15	1,166	596
Investments	16	47,267	21,839
Tangible fixed assets	17	17,914	12,341
Other non-current assets	18	3,677	1,771
		<u>100,487</u>	<u>48,264</u>
CURRENT ASSETS			
Inventory	19	13,923	11,241
Trade and other receivables	20	27,561	34,055
Cash at bank		6,174	5,008
		<u>47,658</u>	<u>50,304</u>
CURRENT LIABILITIES			
Trade and other payables	21	(70,682)	(41,109)
		<u>(70,682)</u>	<u>(41,109)</u>
NET CURRENT (LIABILITIES)/ASSETS			
		<u>(23,024)</u>	<u>9,195</u>
NET ASSETS			
		<u>77,463</u>	<u>57,459</u>
CAPITAL AND RESERVES			
Called up share capital	22	2,000	2,000
Hedging and foreign currency translation reserve	22	(4,345)	(2,598)
Profit and loss account		79,808	58,057
		<u>77,463</u>	<u>57,459</u>
EQUITY			
		<u>77,463</u>	<u>57,459</u>

These financial statements were approved by the Board of Directors and authorised for issue on 26 September 2016.

Signed on behalf of the Board of Directors



D Harding
Director

Company Registration No. 01928053

SENIOR UK LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2015

	Note	Called up share capital	Hedging and foreign currency translation reserve	Profit and loss account	Total
		£'000	£'000	£'000	£'000
Balance at 1 January 2014 as restated	30	2,000	(1,800)	59,009	59,209
Profit for the year		-	-	29,044	29,044
Other comprehensive income for the year		-	(798)	-	(798)
Total comprehensive income for the year		-	(798)	29,044	28,246
Tax relating to share based payments	13	-	-	4	4
Dividend paid		-	-	(30,000)	(30,000)
Balance at 31 December 2014 as restated	30	2,000	(2,598)	58,057	57,459
Profit for the year		-	-	21,765	21,765
Other comprehensive income for the year		-	(1,747)	-	(1,747)
Total comprehensive income for the year		-	(1,747)	21,765	20,018
Tax relating to share based payments	13	-	-	(14)	(14)
Balance at 31 December 2015		2,000	(4,345)	79,808	77,463

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

Senior UK Limited, the Company, manufactures precision machined parts, flexible tubing, composites and ducting for the aerospace and automotive industries. The Company is incorporated in the United Kingdom under the Companies Act 2006. The registered office of the Company is stated on page 1.

These financial statements are presented in pounds sterling being the currency of the primary economic environment which the Company operates.

As permitted by the Companies Act 2006 the Company has not prepared consolidated financial statements as it is included in the Group accounts of Senior plc, which is registered in England and Wales and prepared consolidated accounts which are publicly available.

2. PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with the Companies Act 2006, IAS Regulation and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations, as adopted by the European Union. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has undergone transition from reporting under previous UK GAAP to FRS 101 as issued by the Financial Reporting Council. The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015. The prior year financial statements were restated for material adjustments on adoption of FRS 101 in the current year. Details of these changes are given in note 30 of these financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the following:

- IFRS 2 - Share based payments
- IFRS 3 - Business combinations
- IFRS 7 - Financial instruments disclosures
- IFRS 13 - Fair value measurement
- IAS 1 - Presentation of financial statements
- IAS 7 - Statement of cash flows
- IAS 8 - Accounting policies, changes in accounting standards estimates and errors
- IAS 24 - Related party disclosures
- IAS 36 - Impairment of assets

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

3. ACCOUNTING CONVENTION AND PRINCIPLES

Going concern

The Company achieved a good level of profit in the year and its financial position remains strong. This, combined with the financial support of 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. The Company's financial position, future prospects and uncertainties are described in the Strategic Report and Directors' Report.

Estimates and judgements

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

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

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

4. ACCOUNTING POLICIES

Goodwill

Goodwill is stated at cost less impairments. Goodwill is deemed to have an indefinite useful life and is tested for impairment at least annually. Goodwill is acquired in a business combination and is measured as the fair value of the consideration transferred in excess of the fair value of the net assets acquired. Costs of acquisition are charged to the profit and loss in the period in which they are incurred.

Other intangible assets

Other intangibles include computer software and customer relationships, are shown at cost less accumulated amortisation and impairment losses. Amortisation is charged over their estimated useful life of between three and five years on a straight line basis.

Investments

Investments are held at cost less impairment. The carrying value of investments is reviewed for impairment when there is an indication that the investment might be impaired. Any provision resulting from an impairment review is charged to the profit and loss account in the year concerned.

Tangible fixed assets

Tangible fixed assets include land and buildings and fixtures, plant and equipment. Land and buildings are stated in the Balance Sheet at their historical cost, or at modified historical cost. Fixtures, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment.

Depreciation is charged to write off the cost of the asset on a straight line basis, over the estimated useful life of the asset and is charged from the time an asset becomes available for its intended use. Annual rates are 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

Residual value is calculated at prices prevailing at the date of acquisition.

Inventory

Inventories 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 costs
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 represents the estimated selling price less the estimated costs of completion and the costs to be incurred in marketing, selling and distribution.

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 tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. 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.

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

4. ACCOUNTING POLICIES (continued)

A deferred tax asset is regarded as recoverable and therefore recognised 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.

Assets held under finance lease and other similar contracts are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded in liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge.

Pension costs

The Company participates in the defined benefit and contribution pension plans of the Group through the Senior plc Pension Plan and Senior plc Group Flexible Retirement Plan respectively. The Senior plc Pension Plan was closed to future benefit accrual at the end of 6 April 2014.

For the defined benefit pension scheme, Senior plc makes contributions 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 inventory valuation principles.

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 to Senior plc in respect of both equity-settled amounts and cash-settled amounts is included in current and non-current liabilities as appropriate.

Revenue

Revenue 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.

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

4. ACCOUNTING POLICIES (continued)

Foreign currency

Foreign currency transactions are recorded at the exchange rate ruling on the date of 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, except as noted below for derivative financial instruments.

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

Derivative financial instruments are used to manage exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments used by the company are foreign exchange forward contracts. Hedge accounting is undertaken by the Company in line with the Treasury policy of Senior plc. Derivatives which are taken out as a hedge of foreign exchange risk on firm commitments are designated as hedging instruments and are classified on inception as cash flow hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item. In addition, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged items. Changes in the fair value of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective, ineffective portions are recognised in the profit and loss immediately. Amounts deferred in other comprehensive income are reclassified to the income statement when the hedged item affects profit or loss. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit and loss account. Further details on Derivatives are set out in note 27. Movements in the hedging reserve in equity are set out in note 22.

5. REVENUE

The Company's revenue and profit on ordinary activities before taxation were wholly attributable to the Company's principal activities.

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

6. OTHER OPERATING EXPENSES

	2015 £'000	2014 as restated £'000
Distribution costs	5,779	5,995
Administrative expenses	9,017	5,957
	<u>14,796</u>	<u>11,952</u>

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

7. OPERATING PROFIT

The following has been included in operating profit:

	2015 £'000	2014 as restated £'000
Depreciation of property, plant and equipment	2,299	2,209
Amortisation of intangible assets	155	60
Operating lease rentals for plant and machinery	136	80
Other operating lease rentals	1,052	1,135
Research and development expenditure	4,819	3,820
Cost of inventories recognised as expense	83,082	90,446
Staff costs (note 8)	32,116	33,422
Provision for impairment for doubtful receivables	59	28
Loss on disposal of fixed assets	104	25
Net foreign exchange losses/(gain)	1,028	(172)
Charitable donations	8	6
Fees paid to auditor:		
Audit	61	53
Tax services	3	1
Other services	2	5
	<u>32,116</u>	<u>33,422</u>

8. STAFF COSTS

M Sheppard, D H Squires, M Rollins, A J Bodenham and D Harding did not receive any emoluments from Senior UK Limited during either 2015 or 2014 and emoluments of D H Squires, M Rollins and D Harding are reported in the accounts of Senior plc. No directors were contributing members of pension schemes (2014: £nil).

	2015 No.	2014 No.
Average number of persons employed		
Production	845	904
Distribution	10	10
Sales	101	100
Administration	82	85
	<u>1,038</u>	<u>1,099</u>

	2015 £'000	2014 £'000
Staff costs during the year		
Wages and salaries	27,286	28,612
Social security costs	2,526	2,634
Share based payments	269	317
Pension costs – defined benefits	-	166
Pension costs – defined contributions	2,035	1,693
	<u>32,116</u>	<u>33,422</u>

9. FINANCE INCOME

	2015 £'000	2014 £'000
Inter Group loan interest	142	806
Bank interest	24	54
	<u>166</u>	<u>860</u>

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

10. FINANCE EXPENSES

	2015 £'000	2014 £'000
Inter Group loan interest	662	567
	<u>662</u>	<u>567</u>

11. OTHER INCOME

	2015 £'000	2014 £'000
Dividend from subsidiary undertakings	-	990
	<u>-</u>	<u>990</u>

12. OTHER EXPENSES

	2015 £'000	2014 as restated £'000
Write-off of investment (note 16)	-	873
	<u>-</u>	<u>873</u>

13. TAXATION

(i) Analysis of tax on ordinary activities

	2015 £'000	2014 as restated £'000
Corporation tax:		
UK corporation tax charge	84	82
Adjustments in respect of prior years	28	(139)
Total corporation tax charge/(credit)	<u>112</u>	<u>(57)</u>
Deferred tax:		
Current year	(170)	(1,257)
Adjustment in respect of prior year	(1,815)	-
Change in tax rate	172	-
Total deferred tax credit	<u>(1,813)</u>	<u>(1,257)</u>
Tax on profit on ordinary activities	<u>(1,701)</u>	<u>(1,314)</u>

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

13. TAXATION (continued)

- (ii) The following table reconciles the tax charge calculated at the UK statutory rate on the gross profit before tax with the actual tax credit for the year.

	2015 £'000	2014 as restated £'000
Profit on ordinary activities before tax	20,064	27,730
Expected tax charge at 20.25% (2014 - 21.5%)	4,063	5,962
Non tax deductible/(non taxable) items	464	(578)
Non taxable write-off of investment	-	188
Utilisation of group tax relief	(4,613)	(5,456)
Deferred tax impact of previously unrecognised timing differences	-	(1,291)
Effects of changes in statutory tax rates on deferred tax assets and liabilities	172	-
Adjustments in respect of previous periods	(1,787)	(139)
Tax credit for the year	(1,701)	(1,314)

The Finance (No.2) Act, which provides for reductions in the main rate of Corporation Tax from 20% to 19% for the financial year beginning 1 April 2017 and to 18% for the financial year beginning 1 April 2020, was substantively enacted on 26 October 2015.

- (iii) In addition to the amounts charged to the profit and loss account, the following amounts relating to tax have been recognised in other comprehensive income:

	2015 £'000	2014 £'000
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Gains arising during the period	270	199
Total income tax credit recognised in other comprehensive income	270	199

- (iv) In addition to the amounts charged to the profit and loss account and Other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

	2015 £'000	2014 £'000
Current tax:		
Excess tax deductions related to share-based payments on exercised options	53	44
Deferred tax:		
Changes in estimated excess tax deductions related to share-based payments	(67)	(40)
Total tax (charge)/credit recognised directly in equity	(14)	4

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

13. TAXATION (continued)

(v) Deferred taxation £'000

At 1 January 2015	1,771
Credit to the Profit and Loss account	1,813
Credit to Other Comprehensive Income	270
Charge directly to Equity	(67)
Amounts arising on acquisitions	(110)

3,677

Deferred tax assets and liabilities recognised on the balance sheet:

	2015 £'000	2014 as restated £'000
Tax effect of timing differences due to:		
Tax depreciation in excess of capital allowances	3,283	1,368
Short term timing differences	504	403
Intangible amortisation	(110)	-
	<hr/> 3,677 <hr/>	<hr/> 1,771 <hr/>

14. GOODWILL

	2015 £'000	2014 as restated £'000
Cost		
At 1 January	11,717	11,717
Additions (see note 16)	18,746	-
	<hr/> 30,463 <hr/>	<hr/> 11,717 <hr/>
At 31 December	<hr/> 30,463 <hr/>	<hr/> 11,717 <hr/>

15. OTHER INTANGIBLE ASSETS

	2015 £'000	2014 £'000
Cost		
At 1 January	1,113	1,219
Additions	725	175
Disposals	(9)	(281)
	<hr/> 1,829 <hr/>	<hr/> 1,113 <hr/>
At 31 December	<hr/> 1,829 <hr/>	<hr/> 1,113 <hr/>
Amortisation		
At 1 January	517	677
Charge for the year	155	60
Disposals	(9)	(220)
	<hr/> 663 <hr/>	<hr/> 517 <hr/>
At 31 December	<hr/> 663 <hr/>	<hr/> 517 <hr/>
Net book value		
At 31 December	<hr/> 1,166 <hr/>	<hr/> 596 <hr/>

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

16. INVESTMENTS

	2015 £'000	2014 as restated £'000
Cost		
At 1 January	21,839	22,712
Write off of subsidiary	-	(873)
Hive up of Thermal Engineering	(19,187)	
Additions	44,615	-
	<hr/>	<hr/>
At 31 December	47,267	21,839

Additions

On 31 March 2015, the Company acquired 100% of the issued share capital of Lymington Precision Engineering (LPE) Limited and its 100% owned subsidiary Lymington Precision Engineers Co. Limited for cash consideration of £43.6m, net of £1.0m cash acquired. Lymington is a manufacturer of precision machined components, fabrications, assemblies and kit sets.

Other changes

On 31 December 2015 the investment in Thermal Engineering Holding Limited and Thermal Engineering Limited was reduced following the acquisition of the net assets of Thermal Engineering Limited by the Company and receipt of a loan (see note 21). The fair values of the net assets acquired from Thermal Engineering Limited, including goodwill, are set out below. According to IFRS 3, these amounts are provisional and subject to change.

Thermal Engineering Limited	31 Dec 2015 £'000
Goodwill	18,746
Other intangible	550
Property, plant and equipment	5,550
Inventories	2,500
Trade and other receivables	4,826
Cash at bank	408
	<hr/>
	32,580
Amounts due to other Group companies	(7,311)
Creditors	(3,134)
Overdrafts	(186)
Deferred tax	(110)
	<hr/>
	21,839

On 21 October 2014 Castlegate 408 Limited and its wholly owned subsidiary Atlas Composites Limited was struck off. Following the strike off the investment was fully written off.

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

Name	Nature of trade
Thermal Engineering Holding Limited	Non-trading company
Thermal Engineering Limited *	Aerospace
Lymington Precision Engineering (LPE) Limited	Non-trading company
Lymington Precision Engineers Co. Limited +	Flexonics

* Directly wholly-owned by Thermal Engineering Holding Limited

+ Directly wholly-owned by Lymington Precision Engineering (LPE) Limited.

The shares held in Thermal Engineering Holding Limited and Lymington Precision Engineering (LPE) Limited are ordinary shares.

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

17. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Short leasehold improve- ments £'000	Plant, machinery and equipment £'000	Total £'000
Cost				
At 1 January 2014 as restated	3,236	87	19,350	22,673
Additions	-	-	2,490	2,490
Disposals	-	-	(1,476)	(1,476)
At 31 December 2014 as restated	3,236	87	20,364	23,687
Additions	1,299	-	2,037	3,336
Acquired on acquisition	3,398	-	2,152	5,550
Disposals	-	-	(2,337)	(2,337)
At 31 December 2015	7,933	87	22,216	30,236
Depreciation				
At 1 January 2014 as restated	1,216	36	9,376	10,628
Charge for the year	34	6	2,169	2,209
Disposals	-	-	(1,491)	(1,491)
At 31 December 2014 as restated	1,250	42	10,054	11,346
Charge for the year	102	7	2,190	2,299
Disposals	-	-	(1,323)	(1,323)
At 31 December 2015	1,352	49	10,921	12,322
Net book value				
At 31 December 2015	6,581	38	11,295	17,914
At 31 December 2014 as restated	1,986	45	10,310	12,341

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

17. TANGIBLE FIXED ASSETS (continued)

Fixed assets, included in the above, which are held under finance lease contracts, are as follows:

	Plant, machinery and equipment £'000	
Cost		
At 1 January 2014	474	
31 December 2014	474	
31 December 2015	474	
Accumulated depreciation		
At 1 January 2014	-	
Charge for the year	142	
At 31 December 2014	142	
Charge for the year	56	
At 31 December 2015	198	
Net book value		
At 31 December 2015	276	
At 31 December 2014	332	
18. OTHER NON-CURRENT ASSETS		
	2015 £'000	2014 £'000
Deferred tax (note 13)	3,677	1,771
	<u>3,677</u>	<u>1,771</u>
19. INVENTORY		
	2015 £'000	2014 £'000
Raw materials and consumables	4,696	2,919
Work-in-progress	5,034	3,938
Finished goods and goods for resale	4,193	4,384
	<u>13,923</u>	<u>11,241</u>

Write downs of inventory recognised as an expense in the Profit and Loss Account was £235,000 in 2015 and £255,000 in 2014.

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

20. TRADE AND OTHER RECEIVABLES

	2015 £'000	2014 as restated £'000
Trade receivables	25,669	23,592
Amounts owed by Group undertakings	216	7,464
Prepayments and accrued income	930	780
Foreign currency hedge contracts	251	638
Value added tax	134	1,345
Corporation tax	361	236
	<u>27,561</u>	<u>34,055</u>

Amounts owed by Group undertakings are made up of various trading balances, except in 2014 as noted below.

On 07 November 2014 the Master Agreement for borrowing advances and investing surplus cash between the Company and Thermal Engineering Limited was enacted. The Master Agreement allows the netting off of outstanding amounts owed to the Company by Thermal Engineering Limited against outstanding amounts owed by the Company to Thermal Engineering Limited. The net borrowing between the Company and Thermal Engineering Limited should not at any time exceed £10,000,000. Interest is calculated on a daily basis of 0.8% over 1-month LIBOR is payable on the principle and accrued and unpaid interest. The loan balance is payable on demand. This includes £nil (2014 - £7,216,000) receivable balance and £nil (2014 - £nil) payable balance. In 2015, due to the acquisition of the net assets of Thermal Engineering Limited by the Company, the loan to Thermal Engineering Limited by the Company was treated as an intracompany loan and offset against the amount owing to the Company by Thermal Engineering Limited.

21. TRADE AND OTHER PAYABLES

	2015 £'000	2014 as restated £'000
Loans to group undertakings	49,499	20,333
Trade payables	9,863	8,163
Trading amounts owed to Group undertakings	1,740	2,984
Other taxation and social security	1,755	2,734
Foreign currency hedge contracts	3,038	1,486
Accruals and deferred income	4,787	5,405
Obligations under finance lease contracts	-	4
	<u>70,682</u>	<u>41,109</u>

Loans to group undertakings

	2015 £'000	2014 £'000
Loans to Group undertakings:		
Senior Engineering Investments Limited	46,252	20,333
Thermal Engineering Limited	2,651	-
Lymington Precision Engineering (LPE) Limited	596	-
	<u>49,499</u>	<u>20,333</u>

On 31 October 2014 the Master Agreement for borrowing advances and investing surplus cash between Senior Engineering Investments Limited and the Company was enacted. The Master Agreement allows the netting off of outstanding amounts owed by the Company to Senior Engineering Investments Limited against outstanding amounts owed by Senior Engineering Investments Limited to the Company. The net lending between the Company and Senior Engineering Investments Limited should not at any time exceed £50,000,000.

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2015

21. TRADE AND OTHER PAYABLES (continued)

Interest is calculated on a daily basis of 0.8% over 1-month LIBOR is payable on the principle and accrued and unpaid interest. The loan balance is payable on demand. The net amount owed by the company is £46,252,000 (2014 - £20,333,000).

On 31 December 2015 an interest free loan of £2,651,190 was granted to the Company by Thermal Engineering Limited which matures on 20 June 2016.

On 18 May 2015 the Master Agreement for borrowing advances and investing surplus cash between the Company and Lymington Precision Engineering (LPE) Limited was enacted. The Master Agreement allows the netting off of outstanding amounts owed to the Company by Lymington Precision Engineering (LPE) Limited against outstanding amounts owed by the Company to Lymington Precision Engineering (LPE) Limited. The net borrowing between the Company and Lymington Precision Engineering (LPE) Limited should not at any time exceed £10,000,000. Interest is calculated on a daily basis of 0.8% over 1-month LIBOR is payable on the principle and accrued and unpaid interest. The loan balance is payable on demand. This includes £nil (2014 - £nil) shown as a receivable and £596,000 (2014 - £nil) shown as a payable.

22. CALLED UP SHARE CAPITAL AND RESERVES

(i) Called Up Share Capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
1,800,000 (2014 - 1,800,000) 'A' Ordinary shares of £1 each	1,800	1,800
200,000 (2014 - 200,000) 'B' Ordinary shares of £1 each	200	200
	<u>2,000</u>	<u>2,000</u>

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.

(ii) Profit and Loss Reserve

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

(iii) Hedging and Foreign Currency Translation Reserve

2015	Hedging Reserve £'000	Foreign Currency Translation Reserve £'000	Total £'000
Balance at 1 January	688	1,910	2,598
Losses on cash flow hedges	1,078	-	1,078
Exchange differences on translation of foreign operation	-	669	669
Balance at 31 December	<u>1,766</u>	<u>2,579</u>	<u>4,345</u>

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

22. CALLED UP SHARE CAPITAL AND RESERVES (continued)

2014	Hedging Reserve £'000	Foreign Currency Traslation Reserve £'000	Total £'000
Balance at 1 January	(245)	2,045	1,800
Losses on cash flow hedges	933	-	933
Exchange differences on translation of foreign operation	-	(135)	(135)
Balance at 31 December	688	1,910	2,598

The foreign currency translation reserve includes accumulated gains and losses on the translation of assets, liabilities and results of the overseas operation.

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

23. 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. Details of these plans are shown below.

(i) Senior plc 2005 Long Term Incentive Plan

Shares are awarded under the Senior plc 2005 Long Term Incentive Plan have attaching performance related targets over the vesting period. The awards are settled by delivering shares to the participants. Further details of this scheme can be found in the accounts of Senior plc which are publicly available.

During the year 150,293 (2014: 20,462) shares were exercised and there were 120,678 (2014: 276,213) shares outstanding at the year end.

(ii) Savings-Related Share Option Plan

Under the Savings-Related Share Option Plan for eligible employees there are no performance criteria 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 issued on 30 April 2015.

During the year nil (2014: 221,375) shares were exercised and there were 917,816 (2014: 649,297) shares outstanding at the year end.

(iii) Enhanced SMIS Deferred Share Award

Shares earned under the Enhanced SMIS Deferred Share 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 the participants.

During the year 78,774 (2014: nil) shares were exercised and there were 52,829 (2014: 114,581) shares outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2015

24. PENSION COSTS

The Company participates in the Senior plc Pension Plan. The Plan includes a defined benefit multi-employer section, the assets and liabilities of which are held independently from the Group. This Plan was closed to future accrual at the end of 6 April 2014. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the Plan as if it were a defined contribution plan. Company contributions to the Plan for the year were £nil (2014 - £166,000). Further details of the Group schemes and the actuarial valuations are given in the group financial statements of the ultimate parent company, Senior plc.

The Group operates a defined contribution pension scheme, which is open to all employees of the Company. The assets of the contribution pension scheme 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 £2,035,000 (2014 - £1,693,000). Contributions totalling £114,000 (2014 - £98,000) were payable to the fund at the year end and are included in trade and other payables.

25. COMMITMENTS

Finance lease commitments

At 31 December 2015 there were no commitments (2014 - £4,000) in respect of finance leases.

Operating lease commitments

	2015		2014	
	Property	Plant and	Property	Plant and
	£'000	equipment	£'000	equipment
		£'000		£'000
Leases which expire:				
Within one year	1,084	130	1,130	73
Within 2 to 5 years	3,839	196	4,003	51
After 5 years	4,223	-	5,143	-
	<u>9,146</u>	<u>326</u>	<u>10,276</u>	<u>124</u>

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.

Capital commitments

	2015	2014
	£'000	£'000
Capital commitments:		
Plant machinery and equipment	<u>556</u>	<u>30</u>

26. GUARANTEES

(a) Private placement loans

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$95 million (2014 - \$120 million) unsecured loan notes under an agreement dated 8 October 2008. Loan notes of US \$75 million and \$20 million are due for repayment in October 2018 and October 2020 respectively. Loan notes of US \$25 million were repaid in October 2015.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$30 million (2014 - \$30 million) unsecured loan notes under an agreement dated 31 January 2007 and are due for repayment in January 2017.

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

26. GUARANTEES (continued)

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$20 million (2014 - \$nil) unsecured loan notes under an agreement dated 30 October 2015 and are due for repayment in October 2022.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$60 million (2014 - \$nil) unsecured loan notes under an agreement dated 30 October 2015 and are due for repayment in October 2025.

(b) Bank guarantees

The Company is a guarantor, jointly and severally, with certain other Group companies of all indebtedness of certain US Group companies to their US clearing banker, including a committed single bank US \$40 million overdraft and letter of credit facility (2014 - \$25 million). This was entered into in December 2012, extended in October 2014 and further amended in April 2015, and matures in June 2017. There were \$23.8 million (£16.2 million) loans drawn under the facility on 31 December 2015 (2014 - £5.3 million) and there were letters of outstanding credit of \$4.7 million (£3.2 million) (2014 - £6.6 million).

(c) Revolving credit facility

The Company is a guarantor, jointly and severally, with certain other Group companies of a committed £60 million syndicated multi-currency revolving credit facility, which was extended in November 2014, to mature in November 2019. As at 31 December 2015, £3 million was drawn under the facility (2014 - £8.0 million). The company is a guarantor, jointly and severally, with certain other Group companies of a committed two year £20 million syndicated sterling facility which was entered into in March 2015. As at 31 December 2015, £20 million was drawn under the facility. The company is a guarantor, jointly and severally, with certain other Group companies of two one year term loans taken out in March 2015, a £20 million loan and a £5 million loan. Both these term loans have an option to extend the maturity to March 2017.

27. DERIVATIVES

The forward foreign currency contracts outstanding at the year end are:

	Fair value	
	2015 £'000	2014 £'000
Foreign currency hedge contract asset	251	638
Foreign currency hedge contract liability	(3,038)	(1,486)

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. Losses of £1,348,000 (2014 - £1,132,000) were recognised in other comprehensive income. An amount of £1,447,000 loss (2014 - £199,000 gain) has been transferred to the profit and loss account and is included within operating profit in respect of contracts which matured during the period.

28. 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.

SENIOR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2015

29. RELATED PARTY TRANSACTIONS

The Company is exempt, under IAS 24 '*Related Party Disclosures*', from disclosing related party transactions with entities that are part of the Senior plc Group as the Company is a wholly owned subsidiary of this Group which produces consolidated accounts that are publicly available. There were no other related party transactions in either 2015 or 2014.

30. TRANSITION FROM PREVIOUS UK GAAP TO FRS 101

The prior year financial statements were restated for material adjustments on adaption of FRS 101 in the current year.

	PREVIOUS UK GAAP 01 Jan 2014	FRS101 adjustment	FRS101 01 Jan 2014	PREVIOUS UK GAAP 31 Dec 2014	FRS101 adjustment	FRS101 31 Dec 2014
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Goodwill ¹	11,717	-	11,717	9,947	1,770	11,717
Other intangible assets ⁴	-	542	542	-	596	596
Investments ²	23,059	(347)	22,712	22,074	(235)	21,839
Tangible fixed assets ⁴	12,587	(542)	12,045	12,937	(596)	12,341
Other non-current assets ⁵	-	69	69	-	1,771	1,771
	47,363	(278)	47,085	44,958	3,306	48,264
Current assets						
Inventories	11,739	-	11,739	11,241	-	11,241
Trade and other receivables ³	66,275	1,583	67,858	34,960	(905)	34,055
Cash at bank	2,895	-	2,895	5,008	-	5,008
	80,909	1,583	82,492	51,209	(905)	50,304
Current liabilities						
Trade and other payables ³	(69,069)	(1,299)	(70,368)	(39,623)	(1,486)	(41,109)
Net assets	59,203	6	59,209	56,544	915	57,459
Capital and reserves						
Share capital	2,000	-	2,000	2,000	-	2,000
Hedging and Translation reserves ³	(2,045)	245	(1,800)	(1,910)	(688)	(2,598)
Profit and loss account ^{1,2,3,5}	59,248	(239)	59,009	56,454	1,603	58,057
	59,203	6	59,209	56,544	915	57,459

¹Under the previous UK GAAP, goodwill was amortised resulting in an annual charge to the profit and loss account, under IFRS 101 Goodwill is not amortised but reviewed annually for impairment.

²Under the previous UK GAAP, costs associated with the acquisition of investments were recorded as a part of the value of the investment in the balance sheet, under IFRS 101 these costs are written off in the profit and loss account when they are incurred.

³Under the previous UK GAAP, the changes in fair value of derivatives were not recognised. Under IFRS 101 the changes in fair value of derivatives, including cash flow hedges, are recognised in equity.

⁴Under the previous UK GAAP, Other intangible assets were shown in Tangible fixed assets.

⁵Deferred taxation on taxable FRS 101 adjustments.