

Company Registration No 5080222

SENIOR FINANCE THREE LIMITED

Report and Financial Statements

For the year ended 31 December 2006

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SENIOR FINANCE THREE LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

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SENIOR FINANCE THREE LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Bodenham
M Rollins

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Nottingham

SENIOR FINANCE THREE LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company together with the financial statements and independent auditors' report for the year ended 31 December 2006

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

Principal activity

The Company acts as a non-trading financing company within the Senior plc group of companies and is expected to do so for the foreseeable future

Results and dividends

The results for the year were as follows

	£000
Profit and loss account, 1 January 2006	230
Profit for the financial year	7,596
Dividends paid	<u>(7,596)</u>
Profit and loss account, 31 December 2006	<u>230</u>

Directors and their interests

The following Directors held office during the year

A J Bodenham
M Rollins

The Directors holding office at the year-end had no interests in the shares of the Company, other than by virtue of their interests (which are all beneficial) in the shares of Senior plc. The interests of M Rollins are disclosed in the annual report of Senior plc. The interests of A J Bodenham in the 10p ordinary shares of Senior plc at the year-end, were as follows

	2005	Awarded	Lapsed	Exercised/Vested	2006
Senior plc 1999 Executive Share Option Plan	175,169	-	-	-	175,169
Senior plc 2005 Long Term Incentive Plan	-	60,227	-	-	60,227

The number of shares for all periods presented have been adjusted to take account of the bonus element of the Senior plc 2006 rights issue

The Directors had no other interests requiring to be disclosed under Schedule 7 of the Companies Act 1985

SENIOR FINANCE THREE LIMITED

DIRECTORS' REPORT

Laying of accounts and reports

In accordance with Sections 252 and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 5 August 2005, to dispense with the laying of accounts and reports before the Company in general meeting

Annual general meeting

In accordance with Sections 366A and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 5 August 2005, to dispense with the holding of annual general meetings

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

In accordance with Sections 386 and 379A of the Companies Act 1985 (as amended), the Company has elected, by passing an elective resolution on 5 August 2005, to dispense with the obligation to appoint auditors annually

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



A J Bodenham
Secretary

SENIOR FINANCE THREE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). The financial statements are required by law to 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,
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF

SENIOR FINANCE THREE LIMITED

We have audited the financial statements of Senior Finance Three Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche Ltd

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Nottingham

United Kingdom

30th May 2007

SENIOR FINANCE THREE LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Interest receivable and similar income	2	<u>10,852</u>	<u>10,861</u>
Profit on ordinary activities before taxation	3	10,852	10,861
Tax on profit on ordinary activities	4	<u>(3,256)</u>	<u>(3,257)</u>
Profit for the financial year	8	<u>7,596</u>	<u>7,604</u>

All activities relate to continuing operations

There were no recognised gains or losses other than reported above

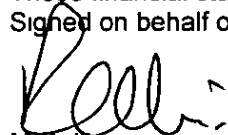
SENIOR FINANCE THREE LIMITED

BALANCE SHEET

31 December 2006

	Notes	2006 £000	2005 £000
Current assets			
Debtors Amounts falling due after more than one year	6	181,070	181,060
Debtors Amounts falling due within one year	6	<u>328</u>	<u>338</u>
Total assets		<u>181,398</u>	<u>181,398</u>
 Capital and reserves			
Called up share capital	7	181,168	181,168
Profit and loss account	8	<u>230</u>	<u>230</u>
Shareholders' funds	8	<u>181,398</u>	<u>181,398</u>

These financial statements were approved by the Board of Directors on 25 May 2007
Signed on behalf of the Board of Directors



M Rollins
Director



A J Bodenham
Director

SENIOR FINANCE THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2006

1 Statement of accounting policies

The principal accounting policies are as set out below

a) Basis of accounting

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable financial reporting and UK accounting standards

b) Taxation

Corporation tax payable is provided on taxable profits at the effective current rate

c) Foreign currencies

Transactions denominated in foreign currencies are recorded at actual exchange rates. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the rates of exchange prevailing at the year end and the gain or loss is recorded in the profit and loss account

d) Cash flow statement

No cash flow statement has been prepared as the ultimate parent company prepares a consolidated cash flow statement which includes the results of the Company in accordance with Financial Reporting Standard No 1

e) Transactions with related parties

In accordance with the provision of Financial Reporting Standard No 8, the Company has not presented details of transactions with group entities as the accounts of Senior plc, which include the Company, are publicly available

SENIOR FINANCE THREE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****2 Interest receivable and similar income**

	2006 £000	2005 £000
Interest receivable – intra group	<u>10,852</u>	<u>10,861</u>
	<u>10,852</u>	<u>10,861</u>

3 Profit on ordinary activities before taxation

Directors' remuneration for services provided to the Company was £nil (2005 - £nil) in the year
The Company has no other employees

Auditors' remuneration was borne by the ultimate parent company

4 Taxation

	2006 £000	2005 £000
Corporation tax charge at 30% based on the profit for the year	<u>(3,256)</u>	<u>(3,257)</u>

Reconciliation of current tax charge for the year

	2006 £000	2005 £000
Profit on ordinary activities before taxation	<u>10,852</u>	<u>10,861</u>
Tax at 30% thereon	<u>(3,256)</u>	<u>(3,257)</u>
Current tax charge for the year	<u>(3,256)</u>	<u>(3,257)</u>

5 Dividends

	2006 £000	2005 £000
Interim dividends paid	<u>7,596</u>	<u>7,625</u>

Interim dividends totalling 4 19p per share (2005 - 4 21p) were paid to Senior Engineering Investments B V , the immediate parent company

SENIOR FINANCE THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Debtors

	2006 £000	2005 £000
Amounts falling due within one year		
Due from group undertakings	<u>328</u>	<u>338</u>
Amounts falling due after more than one year		
Amounts due from group undertakings	<u>181,070</u>	<u>181,060</u>
Total Debtors	<u>181,398</u>	<u>181,398</u>

7 Called-up equity share capital

	2006 £000	2005 £000
Authorised		
200,000,000 shares of £1 each	<u>200,000</u>	<u>200,000</u>
Allotted, called-up and fully-paid		
181,167,530 shares of £1 each	<u>181,168</u>	<u>181,168</u>

8 Shareholders' funds

	Share capital £'000	Profit and loss account £'000	2006 Total shareholders' funds £'000	2005 Total shareholders' funds £'000
At 1 January 2006	181,168	230	181,398	181,419
Profit for the financial year	-	7,596	7,596	7,604
Dividends paid	-	(7,596)	(7,596)	(7,625)
At 31 December 2006	<u>181,168</u>	<u>230</u>	<u>181,398</u>	<u>181,398</u>

SENIOR FINANCE THREE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Guarantees and other financial commitments

(a) Revolving credit facility

The company is a guarantor, jointly and severally, with certain other group companies of a new committed £80 million syndicated multi-currency facility effective 11 September 2006 and maturing 10 September 2011. At 31 December 2006 the total amounts borrowed under this facility were £51.3 million comprising €2.0 million and US\$98 million. This new facility replaced the £46 million facility which was due to expire 31 October 2007 and which existed at 31 December 2005. At 31 December 2005 the total amounts borrowed under this facility were £7.2 million comprising €6.3 million and US\$5.0 million.

(b) Private placement loans

On 31 January 2007 the company became a guarantor, jointly and severally with certain other group companies of US\$30 million unsecured loan notes with a maturity of 10 years.

10 Parent company

The Company is a wholly owned subsidiary of Senior Engineering Investments B.V., a company incorporated in The Netherlands and registered as having established a branch in England and Wales.

The Company's ultimate parent undertaking and controlling party is Senior plc, which is registered in England and Wales. The consolidated accounts of the parent company and its subsidiaries are available to the public from Senior plc, 59/61 High Street, Rickmansworth, Hertfordshire, WD3 1RH.