

**SENIOR FINANCE THREE
(FORMERLY SENIOR FINANCE THREE LIMITED)**

Report and Financial Statements

For the year ended 31 December 2010



**SENIOR FINANCE THREE
(FORMERLY SENIOR FINANCE THREE LIMITED)**

REPORT AND FINANCIAL STATEMENTS 2010

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**SENIOR FINANCE THREE
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REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A J Bodenham
M Rollins

SECRETARY

A J Bodenham

REGISTERED OFFICE

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

AUDITOR

Deloitte LLP
Reading, United Kingdom

**SENIOR FINANCE THREE
(FORMERLY SENIOR FINANCE THREE LIMITED)**

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity and business review

The company re-assigned its intercompany debtor on 14 December 2010 to another group company and has ceased to trade. As required by FRS 18 'Accounting Policies', the directors have prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

With effect from 14 December 2010 the company was declared unlimited and its name was changed to Senior Finance Three. On 15 December 2010 by written resolution, the issued and fully paid share capital of the company was reduced from £181,167,530 (divided into 181,167,530 ordinary shares of £1 each) to £1 (comprising 1 ordinary share of £1).

Results and dividends

The results for the year were as follows

	2010 £000	2009 £000
Profit and loss account, 1 January	206	228
Profit for the financial year	10,267	7,772
Dividends paid	(191,641)	(7,794)
Reduction of share capital	181,168	-
Profit and loss account, 31 December	-	206

Principal risks and uncertainties

There are no risks or uncertainties facing the company including those within the context of the use of financial instruments.

Directors

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

A J Bodenham
M Rollins

**SENIOR FINANCE THREE
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DIRECTORS' REPORT (continued)

Auditor

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all steps that he/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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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

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



A J Bodenham
Secretary

28 March 2011

Registered Office

59/61 High Street
Rickmansworth
Herts
WD3 1RH

**SENIOR FINANCE THREE
(FORMERLY SENIOR FINANCE THREE LIMITED)**

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial 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, 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 FINANCE THREE

We have audited the financial statements of Senior Finance Three for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 11. 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.

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 2010 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 of the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.



Gregory Culshaw (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

19 March 2011

**SENIOR FINANCE THREE
(FORMERLY SENIOR FINANCE THREE LIMITED)**

**PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2010**

	Notes	2010 £000	2009 £000
Interest receivable	2	<u>10,267</u>	<u>10,794</u>
Profit on ordinary activities before taxation	3	10,267	10,794
Tax on profit on ordinary activities	4	<u>-</u>	<u>(3,022)</u>
Profit on ordinary activities after taxation being the retained profit for the year	8	<u>10,267</u>	<u>7,772</u>

All activities derive from continuing operations

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

**SENIOR FINANCE THREE
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**BALANCE SHEET
31 December 2010**

	Notes	2010 £000	2009 £000
Current assets			
Debtors	6	-	181,374
Total assets		-	181,374
Capital and reserves			
Called up share capital	7	-	181,168
Profit and loss account	8	-	206
Shareholder's funds	8	-	181,374

These financial statements were approved by the Board of Directors and authorised for issue on 28 March 2011

Signed on behalf of the Board of Directors



M Rollins
Director



A J Bodenham
Director

Company Registration No 05080222

**SENIOR FINANCE THREE
(FORMERLY SENIOR FINANCE THREE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010**

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.

a) Accounting convention

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

b) Going concern

The company re-assigned its intercompany debtor on 14 December 2010 to another group company and has ceased to trade. As required by FRS 18 'Accounting Policies', the directors have prepared the financial statements on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

c) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

d) Cashflow statement

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

**SENIOR FINANCE THREE
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**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

2 Interest receivable

	2010 £000	2009 £000
Intercompany interest receivable	<u>10,267</u>	<u>10,794</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging	2010 £000	2009 £000
Statutory Auditor's remuneration – Annual statutory audit services	<u>1</u>	<u>1</u>

There were no non audit services in either year

Directors' remuneration for services provided to the company was £nil (2009 - £nil) in the year
The company has no other employees (2009 - nil)

4 Tax on profit on ordinary activities

<i>a) Analysis of tax charge on ordinary activities</i>	2010 £000	2009 £000
UK corporation tax charge at 28% on the profit for the year	<u>-</u>	<u>3,022</u>

The above tax charge for 2009 relates to amounts payable in respect of group tax relief

b) Factors affecting the tax charge for the current year

The tax charge for the financial year differs from that resulting from applying the standard rate of corporation tax of 28% to the profit before tax

The differences are explained below	2010 £000	2009 £000
Profit on ordinary activities before tax	<u>10,267</u>	<u>10,794</u>
Tax charge at 28% thereon	2,875	3,022
Effects of Utilisation of group tax relief	(2,875)	-
Current tax charge for the year	<u>-</u>	<u>3,022</u>

During the year, the group adopted a policy that payments would not be made for losses surrendered under group relief for the current or future periods

The tax charge in future periods may be affected by the change in UK corporation tax rate from 28% to 27% with effect from 1 April 2011. Further reductions are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014 but not yet substantively enacted

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**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2009**

5 Dividends

	2010 £000	2009 £000
Interim dividend for the year ended 31 December 2010 of 105 78p (2009 – 4 30p) per ordinary share	<u>191,641</u>	<u>7,794</u>

6 Debtors

	2010 £000	2009 £000
Amounts due from group undertakings	-	181,365
Group tax relief recoverable	-	9
	<u>-</u>	<u>181,374</u>

7 Called-up share capital

	2010 £000	2009 £000
Allotted, called-up and fully paid		
1 ordinary share of £1 each (2009 - 181,167,530 ordinary shares of £1 each)	<u>-</u>	<u>181,168</u>

By written resolution dated 15 December 2010, the issued and fully paid share capital was reduced by cancelling and extinguishing 181,167,529 ordinary shares of £1 each

8 Shareholder's funds and movements on reserves

	Share capital £000	Profit and loss account £000	2010 Total shareholder's funds £000	2009 Total shareholder's funds £000
At 1 January	181,168	206	181,374	181,396
Profit for the financial year	-	10,267	10,267	7,772
Dividends paid	-	(191,641)	(191,641)	(7,794)
Reduction of share capital	<u>(181,168)</u>	<u>181,168</u>	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,374</u>

**SENIOR FINANCE THREE
(FORMERLY SENIOR FINANCE THREE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2010**

9 Guarantees

a) Private placement loans

The company is a guarantor, jointly and severally, with certain other group companies, of US \$120 million (2009 – \$120 million) unsecured loan notes under an agreement dated 8 October 2008

The company is a guarantor, jointly and severally, with certain other Group companies, of US \$30 million (2009 – \$30 million) unsecured loan notes under an agreement dated 31 January 2007

The company is a guarantor, jointly and severally, with certain other group companies of US \$35million (2009 – \$35 million) unsecured loan notes under an agreement dated 22 October 2007

b) Bank guarantees

The company is a guarantor, jointly and severally, with certain other group companies, of all indebtedness of these other group companies to the group's UK clearing bank

c) Revolving credit facility

The company is a guarantor, jointly and severally, with certain other group companies of a committed £80 million syndicated multi-currency revolving credit facility maturing in July 2012. There were no amounts drawn under the facility at 31 December 2010. At 31 December 2009 the total amounts borrowed under the facility were £4.5 million comprising €5.0 million

10 Ultimate parent company

The company's immediate parent company is Senior Finance Four 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

11 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