

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2021



SENIOR ENGINEERING INVESTMENTS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2021**

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SENIOR ENGINEERING INVESTMENTS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2021**

CORPORATE INFORMATION

Directors

D H Squires
B J J Foyle
A J Bodenham

Secretary

A J Bodenham

Registered office

59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

Banker

Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

SENIOR ENGINEERING INVESTMENTS LIMITED

STRATEGIC REPORT

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2021.

Principal activity

Senior Engineering Investments Limited, the Company, acts as a non-trading holding Company within the Senior plc Group of companies and is expected to do so for the foreseeable future.

Business review

At the year end, the Company had net assets of £892,536,000 (2020 - £906,668,000) and made a profit before tax of £35,948,000 (2020 - £7,952,000).

On 17 June 2021, the Company paid a £50,000,000 dividend to Senior Plc.

In addition, during the year, the Company received dividends from Senior Investments GmbH, Senior US Holdings Incorporated, Senior Finance Six Limited, and Senior Finance Seven Limited of £24,382,333, £21,253,372, £9,400,324, and £64,860 respectively.

An impairment of £20,000,000 has been recognised in investments in subsidiary undertakings (see note 11).

On 21 June 2021, the Company subscribed for one additional ordinary share in Senior Finance Six Limited (SF6) of £1 nominal value and share premium of £33,185,715 settled by way of a £33,185,716 (US \$47,000,000) loan.

Principal risks and uncertainties

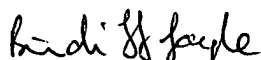
The main risk facing the Company is the underlying performance of its subsidiary companies. The Directors address this by ensuring the subsidiaries have sufficient resources from within the Senior Group to be able to continue trading.

Key performance indicators and financial risk management

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

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

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



B J J Foyle

Director

6 May 2022

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT

Results and dividends

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

	2021 £000	2020 £000
Profit and loss account, 1 January	684,883	677,262
Profit for the financial year	35,868	7,621
Dividends paid	(50,000)	-
Profit and loss account, 31 December	<u>670,751</u>	<u>684,883</u>

Directors

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

D H Squires
B J J Foyle
A J Bodenham

Directors' indemnities

Qualifying third party indemnity provisions for the benefit of the Directors were renewed by the Group during the year and remain in force at the date of this report.

Going concern basis

The Company is in a net current liability position. The support of its ultimate parent company, Senior plc, gives the Directors the expectation that the Company will have adequate resources to continue in existence for at least 12 months from the date of approval of these financial statements. Thus, the Board has continued to adopt the going concern basis in preparing the Company's financial statements.

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 or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

SENIOR ENGINEERING INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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



A J Bodenham

Secretary

6 May 2022

Company registered office:
59/61 High Street
Rickmansworth
Hertfordshire
WD3 1RH

SENIOR ENGINEERING INVESTMENTS LIMITED

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

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the Financial Statements of Senior Engineering Investments Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of Directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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

Fraud and breaches of laws and regulations – ability to detect (Continued)

Identifying and responding to risks of material misstatement due to fraud (Continued)

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company does not generate revenue.

We did not identify any additional fraud risks. We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user and those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Financial Statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the Financial Statements varies considerably.

The Company is subject to laws and regulations that directly affect the Financial Statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

Fraud and breaches of laws and regulations – ability to detect (Continued)

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

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

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

Auditor's responsibilities

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

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

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

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

A handwritten signature in black ink, appearing to read 'R Brent', with a stylized flourish at the end.

Robert Brent (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
15 Canada Square
London
E14 5GL
6 May 2022

SENIOR ENGINEERING INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Other operating expenses	3	(1,261)	(1,523)
Other operating income	3	680	15
Income from shares in group undertakings	5	55,100	8,997
Impairment of investment in subsidiary undertaking	4	<u>(20,000)</u>	<u>-</u>
Operating profit		34,519	7,489
Interest income	6	14,351	14,965
Interest expense	7	<u>(12,922)</u>	<u>(14,502)</u>
Profit before taxation	8	35,948	7,952
Taxation	9	<u>(80)</u>	<u>(331)</u>
Profit for the year		<u>35,868</u>	<u>7,621</u>

The accompanying notes form part of these Financial Statements.

All activities derive from continuing operations.

There was no other comprehensive income for the year ended 31 December 2021.

SENIOR ENGINEERING INVESTMENTS LIMITED

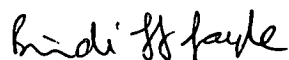
BALANCE SHEET At 31 December 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Investments in subsidiary undertakings	11	877,081	863,895
Debtors	12	160,739	151,637
Current assets			
Debtors	12	153,092	184,383
Cash and bank balances		48	4
		<u>153,140</u>	<u>184,387</u>
Creditors: Amounts falling due within one year	13	<u>(298,316)</u>	<u>(293,251)</u>
Net current liabilities		<u>(145,176)</u>	<u>(108,864)</u>
Creditors: Amounts falling due after one year	13	(108)	-
Net assets		<u>892,536</u>	<u>906,668</u>
Capital and reserves			
Issued share capital	14	221,785	221,785
Profit and loss account		<u>670,751</u>	<u>684,883</u>
		<u>892,536</u>	<u>906,668</u>

The accompanying notes form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors and authorised for issue on 6 May 2022.

Signed on behalf of the Board of Directors:



B J J Foyle
Director

Company Registration No. 00938893

SENIOR ENGINEERING INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Notes	Share Capital £'000	Profit and Loss account £'000	Total £'000
Balance at 1 January 2020		221,785	677,262	899,047
Profit for the year		-	7,621	7,621
Balance at 31 December 2020		<u>221,785</u>	<u>684,883</u>	<u>906,668</u>
Profit for the year		-	35,868	35,868
Dividends paid	10	-	(50,000)	(50,000)
Balance at 31 December 2021		<u>221,785</u>	<u>670,751</u>	<u>892,536</u>

The accompanying notes form part of these Financial Statements.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 General information

Senior Engineering Investments Limited, the Company, is a Company incorporated in the United Kingdom under the Companies Act 2006. The Company acts as a non-trading holding Company within the Senior plc Group of companies and is expected to do so for the foreseeable future. The registered office of the Company is stated on page 1.

These Financial Statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates. These Financial Statements are separate Financial Statements. The Company is exempt from the preparation of consolidated Financial Statements, because it is included in the group accounts of Senior plc which are publicly available.

2 Significant accounting policies

Basis of accounting

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has taken.

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

- Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.
- Disclosures of related party transactions with Senior plc Group entities, that are wholly owned subsidiaries, as the Company is a wholly owned subsidiary of Senior plc, which produces consolidated accounts that are publicly available. There were no other related party transactions in either 2021 or 2020.

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

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; and

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

Going concern

The Financial Statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Directors have performed a going concern assessment for a period of at least 12 months from the date of approval of these Financial Statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, Senior plc, to meet its liabilities as they fall due for that period. That assessment is dependent on Senior plc providing additional financial support during that period. Senior plc has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the assessment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

2 Significant accounting policies (continued)

Estimates and judgments

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

Investments

The Company accounts for its investments in subsidiary undertakings and joint ventures at cost less amounts written off for impairment. Dividends received are credited to the Company's profit and loss account when received, inclusive of tax deducted at source in the country of origin.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

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

Foreign currencies

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

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

3 Other operating (expenses)/income

	2021 £'000	2020 £'000
Other operating expenses	(1,261)	(1,523)
Other operating income	<u>680</u>	<u>15</u>

Other operating expenses include foreign exchange gains on US \$ loans to group undertakings of £1,946,472 offset by foreign exchange losses of £3,206,996 related to cross-currency swaps (see Note 12). In 2020, other operating expenses included foreign exchange losses on US \$ loans to group undertakings of £3,951,485 partly offset by foreign exchange gains of £2,486,062 related to cross-currency swaps (see Note 12).

4 Impairment of investment

	2021 £'000	2020 £'000
Impairment of investment in subsidiary undertaking	<u>20,000</u>	<u>-</u>

5 Income from shares in group undertakings

	2021 £'000	2020 £'000
Dividends from subsidiary undertakings - UK	9,465	8,997
Dividends from subsidiary undertakings - US	21,253	-
Dividends from subsidiary undertakings - Switzerland	<u>24,382</u>	<u>-</u>
	<u>55,100</u>	<u>8,997</u>

6 Interest income

	2021 £'000	2020 £'000
Intercompany interest income	<u>14,351</u>	<u>14,965</u>

7 Interest expense

	2021 £'000	2020 £'000
Intercompany interest expense	12,327	12,952
Interest on cross-currency swaps	<u>595</u>	<u>1,550</u>
	<u>12,922</u>	<u>14,502</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

8 Profit before taxation

The audit fee of £1,000 (2020 - £1,000) is borne by a related party. There were no non audit services in the financial year (2020 - £nil).

Directors' remuneration is borne by the ultimate parent Company for services provided to the Company and no re-charge is made (2020 - £nil). The Directors are not involved with the management of the affairs of the Company or any such subsidiary undertaking and have therefore not performed any material qualifying services in the year as per SI2008/410 Schedule 5. The Company has no other employees (2020 - nil).

9 Taxation on profit on ordinary activities

a) Analysis of tax on ordinary activities	2021 £'000	2020 £'000
UK corporation tax charge	59	-
Adjustments in respect of prior years	21	331
Total corporation tax charge	<u>80</u>	<u>331</u>

b) Factors affecting tax charge for the current year

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

	2021 £'000	2020 £'000
Profit before tax	<u>35,948</u>	<u>7,952</u>
Expected tax charge at 19.00% (2020 – 19.00%)	6,830	1,511
Non-taxable dividend income	(10,469)	(1,709)
Non-tax deductible investment write-off	3,800	-
Other non taxable income	(152)	-
Other permanent differences	59	-
Adjustment in respect of prior periods	21	331
Losses in the year on which no deferred tax is recognised	<u>(9)</u>	<u>198</u>
Tax charge for the year	<u>80</u>	<u>331</u>

c) Factors that may affect the future tax charge

On 24th May 2021, a future increase in the UK tax rate from 19% to 25% was substantially enacted with an effective date of 1 April 2023.

A deferred tax asset has not been recognised in respect of tax losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the losses on which a deferred tax asset is not recognised is £11,423,646 (2020 - £12,383,197). The asset would be recovered if the Company makes sufficient profits from its non-trading activities in the future.

10 Dividends paid

	2021 £'000	2020 £'000
Interim dividend for the year ended 31 December 2021 of 22.54 pence per ordinary share (2020 – nil pence).	<u>50,000</u>	<u>-</u>

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

11 Investments in subsidiary undertakings

	Cost	Provision	Net book value
	£'000	£'000	£'000
At 1 January 2021	1,108,816	(244,921)	863,895
Additions	33,186	-	33,186
Impairment	-	(20,000)	(20,000)
At 31 December 2021	<u>1,142,002</u>	<u>(264,921)</u>	<u>877,081</u>

On 21 June 2021, the Company subscribed for one additional ordinary share in Senior Finance Six Limited (SF6) of £1 nominal value and share premium of £33,185,715 settled by way of a £33,185,716 (US \$47,000,000) loan note.

The Company booked an impairment charge against the investment in Senior Investments GmbH, to a net book value of £80,000,000.

The subsidiary undertakings of the Company are as follows:

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

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

The registered addresses of these entities can be found in the group annual report and accounts 2021, which is available on the website <http://www.seniorplc.com/investors/reports.aspx>.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

12 Debtors	2021 £'000	2020 £'000
Due within one year:		
Cross-currency swaps	1,379	574
Amounts due from group undertakings	148,928	181,110
Interest receivable – due from group undertakings	2,708	2,668
Other debtors	77	31
	<u>153,092</u>	<u>184,383</u>
Due more than one year:		
Cross-currency swaps	-	2,002
Amounts due from group undertakings - Senior US Holdings Inc.	160,739	149,635
	<u>160,739</u>	<u>151,637</u>
	<u>313,831</u>	<u>336,020</u>

The Company entered into cross-currency swaps with Senior Finance Four Limited ("SF4") on 20th December 2019 with termination date 25 September 2025 (six-year) and on 20th December 2020 with termination date 20 December 2021 (one-year). On 20th December 2021, the one-year swap matured and the Company subsequently entered into another one-year swap maturing on 20th December 2022.

On the six-year cross-currency swap, interest was paid to SF4 at a fixed rate of 6.00% on a notional principle of US \$90.0m. Interest was received from SF4 at a fixed rate of 5.09% on a notional principle of £68.8m.

On the one-year cross-currency swap which matured in December 2021, interest was paid to SF4 at a fixed rate of 6.16% on a notional principle of US \$90.0m. Interest was received from SF4 at a fixed rate of 6.01% on a notional principle of £66.2m. On the one-year cross-currency swap maturing in December 2022, interest is paid to SF4 at a fixed rate of 6.16% on a notional principle of US \$90.0m. Interest will be received from SF4 at a fixed rate of 6.40% on a notional principle of £68.1m.

At 31 December 2021, both swaps were marked-to-market and were recognised as a net asset, with the fair value movement going through the Profit and Loss Account, offset by the FX movement recorded on other foreign currency assets and liabilities.

Intercompany loans:

	2021 £'000	2020 £'000
Senior plc	51,395	80,458
Senior UK Limited	30,866	26,200
Senior US Holdings Inc.	218,518	215,328
Senior Operations LLC	8,888	8,759
	<u>309,667</u>	<u>330,745</u>

The Master Agreement for borrowing advances and investing surplus cash between the Company and Senior plc allows netting of outstanding amounts owed by Senior plc to the Company against outstanding amounts owed by the Company to Senior plc. The net lending between Senior plc and the Company should not at any time exceed £100,000,000. The loan balance is due on demand. The net amount owed by Senior plc is £51,395,000 (2020 – £84,458,000).

On 31 October 2014 the Master Agreement for borrowing advances and investing surplus cash between the Company and Senior UK Limited was enacted. The Master Agreement allows netting of outstanding amounts owed by Senior UK Limited to the Company against outstanding amounts owed by the Company to Senior UK Limited. The net lending between Senior UK limited and the Company should not at any time exceed £100,000,000. The loan balance is due on demand. The net amount owed by Senior UK Limited is £30,866,000 (2020 - £26,200,000).

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

Both master agreements above have the same basis for accrued interest. Interest is calculated on the aggregate of the applicable margin and the 1-month LIBOR. The applicable margin is the percentage rate of the margin defined in Senior plc's primary revolving credit facility and is payable on the principle and accrued and unpaid interest.

The Company holds several loans due from SUSHI. A US \$90,000,000 term loan, with interest of 6.16% per annum on the principle being receivable and the loan maturing on 20 December 2022. The Company also holds a long-term loan of US \$115,000,000, maturing on 20 September 2024, with interest of 5.40% receivable on the maturity of the principle and an additional loan of US \$90,000,000, maturing on 20 September 2025, with interest of 6.00% receivable on the maturity of the principle.

A loan of US \$12,000,000 due from Senior Operations LLC, has been rolled over at 6 monthly intervals and now matures on 20 October 2026, with interest of 5.75% payable on maturity of the principle.

SENIOR ENGINEERING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

13 Creditors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Interest payable - owing to group undertakings	518	494
Other creditors	438	1,114
Amounts owing to group undertakings	<u>297,360</u>	<u>291,643</u>
	<u>298,316</u>	<u>293,251</u>

Intercompany loans

	2021 £'000	2020 £'000
Senior Plc	59,259	72,993
Senior Finance Four Limited	203,287	198,942
Senior Finance Six Limited	34,814	-
Senior Investments GmbH	-	19,708
	<u>297,360</u>	<u>291,643</u>

The Company has a variable rate loan with Senior plc which is renewed every six months. Interest rates between 1.18% and 2.00% were applied to the loan balance through 2021.

The loan of £178,700,000 received from Senior Finance Four Limited is repayable on written notice within three months. Interest of 6.00% is payable on the principle on the 20 June and 20 December each year. The additional master loan with Senior Finance Four Limited has a principle outstanding at 31 December 2021 of £24,587,141 (2020 - £20,242,378) and is payable on demand. Interest on the master loan is calculated on a daily basis and is payable on the principle, accrued and unpaid interest. Interest is calculated according to the aggregate of the applicable margin and the 1-month LIBOR. The applicable margin is the percentage rate of the margin defined in Senior plc's primary revolving credit facility.

The Company holds a US \$47,000,000 loan due to Senior Finance Six as at 31 December 2021. Interest of 1.48% was incurred from 21 June 2021 to 20 December 2021, at which point the loan was rolled over to 20 June 2022 at an interest rate of 2.00%.

The Company held a loan of US \$27,000,000 due to Senior Investments GmbH (SIG) in the year. Interest of 1.18% was incurred from 31 December 2020 to 21 June 2021. On 22nd and 23rd April 2021 the Company repaid \$5,000,000 of the loan and the remaining \$17,000,000 balance was settled on 21 June 2021 via a dividend received from SIG.

	2021 £'000	2020 £'000
Amounts falling due after one year:		
Cross currency swap	<u>108</u>	<u>-</u>

14 Issued share capital

	2021 £'000	2020 £'000
Allotted, called-up and fully paid		
221,784,810 (2020 - 221,784,810) ordinary shares of £1 each	<u>221,785</u>	<u>221,785</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2021

15 Guarantees

a) Private placement loans

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$20m (2020 – US \$20m) unsecured loan notes under an agreement dated 30 October 2015, which are due for repayment in October 2022.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$60m (2020 - US \$60m) unsecured loan notes under an agreement dated 30 October 2015, which are due for repayment in October 2025.

The Company is a guarantor, jointly and severally, with certain other Group companies, of €28m (2020 – €28m) unsecured loan notes under an agreement dated 16 November 2016, which are due for repayment in February 2027.

The Company is a guarantor, jointly and severally, with certain other Group companies, of £27m (2020 - £27m) unsecured loan notes under an agreement dated 8 December 2017, which are due for repayment in January 2025.

The Company is a guarantor, jointly and severally, with certain other Group companies, of US \$30m (2020 - £30m) unsecured loan notes under an agreement dated 13 June 2018, which are due for repayment in September 2028.

b) Bank guarantees

The Company is a guarantor, jointly and severally, with certain other Group companies of all indebtedness of certain US Group companies to their US clearing banker, including a committed single bank US \$50m overdraft and letter of credit facility (2020 – US \$50m overdraft and letter of credit facility). This facility was amended in April 2021 and matures in June 2023.

The Company is a guarantor, jointly and severally, with certain other group companies to the Group's UK clearing bank for net derivative liabilities. The net amount owed to the Group's UK clearing bank in respect of derivatives as at 31 December 2021 is £1.5m (2020 - £0.8m).

c) Revolving credit facility

The Company is a guarantor, jointly and severally, with certain other Group companies of a £120m syndicated multi-currency revolving credit facility, which matures in February 2024. As at 31 December 2021, there were no amounts outstanding under this facility (31 December 2020 - £20.9m).

16 Ultimate parent Company

The Company's ultimate parent Company and controlling party, which prepares consolidated accounts of the Group incorporating the Company's results, is Senior plc, whose registered office is at 59/61 High Street, Rickmansworth, Hertfordshire WD3 1RH. The consolidated accounts of the Group are available to the public and can either be downloaded from the Senior plc website: www.seniorplc.com or obtained from the aforementioned address.