Registered no: 01975271

Iveco Limited

Report and Financial Statements

31 December 2014

Directors
P J Hunter
C M Impelluso
S M McCarthy
A N Watson
E J Kerley
M Bruni
R Lowden

Secretary
S M McCarthy

Auditors
Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

Bankers
Barclays Bank PLC
1 Churchill Place
London E14 5HP

Registered Office
Iveco House
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Watford
Hertfordshire WD17 1SR

Registered No. 01975271

Strategic Report

The principal activity of the Company is the sale of new and used commercial vehicles, together with spare parts and service contracts. This includes the sale of new Iveco vehicles with related future purchase commitments. The directors are not aware at the date of this report of any likely changes in the Company's activities in the forthcoming year.

Review of the business

CNH Industrial NV has continued to invest in research and development which has resulted in a number of updates to the Company's existing products. The directors regard such investment as necessary for the continued success in the medium to long term.

Total turnover in 2014 was £239.2m, an increase of 3.7% from £230.6m in 2013.

New vehicles sales reduced by 7.94% from 6,689 units in 2013 to 6,158 units in 2014. This was primarily due to reducing the levels of inventory in the company in 2013 as a Legislative change came into force at the end of the year, 2014 therefore saw a normalization of truck sales.

Parts sales represented in tonnes have declined by 4.88% to 2,788 tonnes (2013 – 2,931) due to the diminution of the Iveco vehicle running parc.

Operating profits increased from £2.5m in 2013 to £5.8m in 2014. This was due in part to a more profitable product mix and a strengthening in the pound versus the Euro. The majority of product is purchased from countries within the EU.

The loss after taxation was due to the valuation and consequent elimination of the deferred tax asset. This is however subject to annual review, dependent upon the profitability forecast for the company.

Principal risks and uncertainties

Iveco Limited operates in a highly competitive market in which a continuing risk to the Company is lost sales to its key competitors. The Company manages this risk by providing a strong product range, value added services to its customers, maintaining strong relationships with its customers and with its distributor network.

The Company sells a number of its vehicles with repurchase options available to the customer at the end of a certain number of years. The company does therefore bear a risk of used vehicle prices falling dramatically. The Company manages this risk by continually monitoring the market for used vehicles and providing for future potential losses as they occur.

Future developments

The directors recognise the uncertainty in the prospects of the world economy in 2015; however the outlook for the UK economy in 2015 is favourable. Through a process of focusing on market penetration, stock management and updated products, the directors forecast the company's UK turnover to increase over 2014 due to increasing demand for new vehicles. The group has also invested heavily in new product which should strengthen its market share in the medium term.

By order of the Board

P Hunter

Director

2nd March 2015

Registered No. 01975271

Directors Report

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The loss for the year after taxation amounted to £2.1m (2013 – loss of £1.3m). The directors do not recommend a final dividend (2013 – £nil).

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report above.

The Directors recognise that the current economic conditions create uncertainty particularly over the level of demand for the company's products and services and the availability of finance through banking facilities for its customers. However, the company has considerable financial resources with strong net and current assets. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current economic conditions.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who served the company during the year were as follows:

A Cleopatra	appointed 5 March 2014, resigned 23 January 2015
P J Hunter	appointed 20 January 2014
C M Impelluso	
S M McCarthy	
H C Van Leuven	resigned 31 December 2014
A N Watson	appointed 5 March 2014
C Zanframundo	resigned 23 January 2015
S Cribbin	resigned 6 January 2014
Edmund James Kerley	appointed 23 January 2015
Mario Bruni	appointed 23 January 2015
Robert Lowden	appointed 23 January 2015

Charitable contributions

The Company contributed £ nil (2013 – £nil) as charitable donations during the year.

Employee involvement

The Company is committed to the development of employee consultation and thereby to their greater involvement in the Company's operations. Consultation is achieved through informal but regular briefing sessions.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered No. 01975271

Directors Report

Auditors

In accordance with S485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

P Hunter

Director

2nd March 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the Strategic 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 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). 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report

to the members of Iveco Limited

We have audited the financial statements of Iveco Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. 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 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. 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 Directors' Report and Strategic 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 the 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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Iveco Limited

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.

Ernst & Young LLP

Andy Clewer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
2/2/15

Profit and loss account

for the year ended 31 December 2014

	Notes	2014 £000	2013 £000
Turnover	2	239,208	230,637
Cost of sales		(213,886)	(209,961)
Gross profit		25,322	20,676
Operating expenses	3	(19,555)	(18,213)
Operating profit	4	5,767	2,463
Interest receivable and similar income	7	1,088	988
Interest payable and similar charges	8	(4,806)	(4,635)
Profit/(Loss) on ordinary activities before taxation		2,049	(1,184)
Taxation	9	(4,133)	(139)
Profit/(Loss) for the financial year		(2,084)	(1,323)

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Loss for the financial year		(2,084)	(1,323)
Total recognised loss since last financial statements		(2,084)	(1,323)

Balance sheet

at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	10	917	1,000
Investment	11	2,500	2,500
		3,417	3,500
Current assets			
Stocks			
– recoverable within one year	12	30,815	26,968
– recoverable after more than one year	12	34,674	34,139
Debtors	13	187,979	165,415
Deferred tax asset	9(c)	-	3,080
		253,468	229,602
Creditors: amounts falling due within one year	14	(115,973)	(84,912)
Net current assets		137,495	144,690
Total assets less current liabilities		140,912	148,190
Creditors: amounts falling due after more than one year	15	(38,364)	(40,785)
Provisions for liabilities	16	(24,097)	(26,870)
Net assets		78,451	80,535
Capital and reserves			
Called up share capital	17	117,000	117,000
Share premium account	18	9,219	9,219
Revaluation reserve	18	500	500
Additional paid in capital	18	25,000	25,000
Other reserves	18	(9,615)	(9,615)
Profit and loss account	18	(63,653)	(61,569)
Shareholder's funds	19	78,451	80,535

The accounts of Iveco Limited, registration number 01975271, were approved by the board of directors on 18 February 2015 and signed on its behalf by:

P Hunter

Director 2nd March 2015

Notes to the financial statements

at 31 December 2014

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The company's business activities and principal risks and uncertainties are detailed in the Strategic Report. Having considered these risks and the current economic environment, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Statement of cash flows

The Company has taken advantage of the exemption available under FRS 1 (Revised) not to prepare a statement of cash flows as its ultimate parent undertaking, CNH Industrial N.V., prepares group financial statements which are publicly available and which include a group statement of cash flows.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is provided so as to write off the cost of each asset, less residual value, over its estimated useful life on a straight line basis as follows:

Land and Buildings	–	20-33 Years
Plant and machinery	–	8-15 years
Motor vehicles	–	3-5 years
Furniture and fixtures	–	3-10 years

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investment properties

Investment properties are revalued periodically. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account.

Depreciation is not provided in respect of freehold investment properties.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value and comprise materials; labour and an appropriate proportion of overheads based on normal levels of activity and are stated on a first in, first out basis. Provision is made for obsolete, slow moving and defective items where appropriate. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions undertaken in foreign currencies are translated into sterling at the rate of exchange ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account over the term of the lease on a straight line basis.

Warranty liability

Provision is made for the estimated liability on all products under warranty.

Pensions

The Company operates defined contribution and defined benefit schemes. The Company has adopted FRS 17 and has taken advantage of the exemptions available to it under para 9, by accounting for the defined benefit scheme as a defined contribution scheme (note 20).

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contribution payable in the year and contribution actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements

at 31 December 2014

1. Accounting policies (continued)

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT and other sales related taxes..

Revenue is recognised when risks and rewards are passed to the customer and this would be at point of delivery in line with any supply contract.

Repurchase arrangements

The Company enters into transactions with customers whereby a vehicle chassis is sold with an option for the customer to sell back to the Company, at a later date, the original chassis together with a body that has been added to the vehicle by the customer. Where there is no significant uncertainty that the customer will exercise its option to sell the vehicle back to the Company, the Company's policy is to:

- Recognise as revenue, at the inception of arrangement, the total amount receivable from the customer less the buyback price of the chassis at the time of the anticipated vehicle repurchase.
- Charge to cost of sales the total cost of the vehicle less the anticipated market value of the chassis at the time of the anticipated vehicle repurchase, which is recorded as stock. If that stock is not saleable within a year then it is shown as recoverable after more than one year.
- Record a liability for amounts repayable to customers on exercise of the vehicle repurchase.

2. Turnover

The company operates primarily in the Commercial Vehicle Industry in the United Kingdom. The directors consider it to be prejudicial to the interests of the company to disclose segmental reporting information, and accordingly have decided not to disclose turnover, profit after tax and net assets by geographical market.

3. Operating expenses

	2014	*2013*
	£000	*£000*
Administrative expenses	12,880	12,182
Distribution costs	6,675	6,031
	19,555	18,213

Notes to the financial statements

at 31 December 2014

4. Operating profit

This is stated after charging:

		2014 £000	2013 £000
Auditors' remuneration		64	63
Depreciation of owned fixed assets		83	90
Loss on foreign exchange transactions		99	112
Operating lease rentals –	plant and machinery	570	592
–	other	1,575	1,318

5. Directors' remuneration

	2014 £000	2013 £000
Remuneration	143	367

Compensation of £nil for loss of office was accrued during the year (2013 – £85,000).

No retirement benefits were accrued to directors (2013 – one) under a defined benefit scheme during the year.

Emoluments paid to the highest paid director	2014 £000	2013 £000
Remuneration	143	121

Company contribution to the money purchase pension scheme was £15,001 (2013 – £15,001).

Notes to the financial statements

at 31 December 2014

6. Staff costs

	2014	2013
	£000	£000
Wages and salaries	6,700	6,846
Social security costs	701	682
Other pension costs	448	432
	7,849	7,960

The average monthly number of employees (including executive directors) during the year was made up as follows:

	No.	No.
Administration	26	27
Selling and distribution	127	136
	153	163

7. Interest receivable and similar income

	2014	2013
	£000	£000
Interest received from fellow group companies	1,088	988

8. Interest payable and similar charges

	2014	2013
	£000	£000
Bank charges	(9)	(10)
Other financial charges	(4,797)	(4,625)
	(4,806)	(4,635)

Notes to the financial statements

at 31 December 2014

9. Taxation

(a) Tax on profit/(loss) on ordinary activities

The tax charge is made up as follows:

	2014	*2013*
	£000	*£000*
Current tax:		
UK corporation tax on the profit/(loss) for the year	(275)	778
Adjustment in respect of prior years	(778)	16
Total current tax (note 8(b))	(1,053)	762
Deferred tax:		
Origination and reversal of timing differences	(162)	(375)
Rate change effect on opening balance	–	(518)
Valuation Allowance	(3,493)	
Adjustment in respect of prior years	575	(8)
Total deferred tax (note 8(c))	(3,080)	(901)
Tax on profit/(loss) on ordinary activities	(4,133)	(139)

(b) Factors affecting tax current charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%). The differences are explained below:

	2014	*2013*
	£000	*£000*
Profit(loss) on ordinary activities before tax	2,049	(1,184)
Profit/ (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%)	(441)	275
Effects of:		
Expenses not deductible for tax purposes	(24)	(29)
Capital allowances in advance of depreciation	(14)	402
Other timing differences	(2)	–
Tax losses utilised	205	130
Adjustment in respect of prior years	(777)	(16)
Current tax for the year (note 8(a))	(1,053)	762

Notes to the financial statements

at 31 December 2014

9. Taxation (continued)

The Finance Act 2013 provides for the main rate of Corporation Tax to be reduced from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. The 20% rate had been substantively enacted at the Balance Sheet date and accordingly this rate has been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2014.

(c) Deferred tax

	2014	*2013*
	£000	*£000*
Deferred tax asset at beginning of year	3,080	3,981
Charged to profit and loss account	(3,080)	(901)
Deferred tax asset	-	3,080

The full potential deferred tax asset of the Company is:

	2014	*2013*
	£000	*£000*
Capital allowances	1,959	1,586
Other timing differences	202	200
In relation to trading losses	1,523	2,201
Valuation Allowance	(3,684)	(907)
	-	3,080

Deferred Tax Assets have been written off in line with group policy, on the basis that they are potentially not recoverable within the next 3 years of trading. This is subject to continual review at each year and dependent upon the forecast profitability of the company.

Notes to the financial statements

at 31 December 2014

10. Tangible fixed assets

	Leasehold Property £000	*Plant and machinery £000*	*Motor vehicles £000*	*Furniture and fixtures £000*	*Total £000*
Cost:					
At 1 January 2014	783	214	239	93	1,329
Additions in the year	–	–	–	–	–
Disposals in the year	–	–	–	–	–
31 December 2014	783	214	239	93	1,329
Depreciation:					
At 1 January 2014	62	98	80	89	329
Charge in year	13	19	47	4	83
Disposal in the year	–	–	–	–	–
At 31 December 2014	75	117	127	93	412
Net book value:					
At 31 December 2014	708	97	112	–	917
At 1 January 2014	721	116	159	4	1,000

11. Investments

	£000
Valuation and net book value:	
At 1 January 2014 and 31 December 2014	2,500

The investment property which is freehold was revalued at £2.5m by Cushman & Wakefield LLP on an open market existing use basis as at 31 December 2013.

If the investment property included above at a value of £2.5m (2013 – £2.5m) had not been revalued it would have been included at a cost of £2.0m (2013 – £2.0m).

12. Stocks

	2014 £000	*2013 £000*
Amounts recoverable within one year:		
Finished goods	16,358	16,268
Vehicles sold with repurchase commitments	14,457	10,700
	30,815	26,968
Amounts recoverable after one year:		
Vehicles sold with repurchase commitments	34,674	34,139
	65,489	61,107

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

Notes to the financial statements

at 31 December 2014

13. Debtors

	2014 £000	2013 £000
Amounts falling due within one year:		
Trade debtors	85,197	90,899
Less: non-recourse borrowings	(81,424)	(85,085)
Net trade debtors	3,773	5,814
Amounts owed by fellow group undertakings	183,675	158,239
Other debtors	9	814
Prepayments and accrued income	242	268
	187,699	165,135
Amounts falling due after one year:		
Called up share capital not paid	280	280
	187,979	165,415

Certain trade debtors have been given as security under debt factoring arrangements with both third parties and associated undertakings. The debt factoring arrangement was without recourse.

14. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	9,786	5,573
Amounts owed to fellow group companies	39,395	20,900
Value Added Tax	3,730	3,561
Other taxation and social security	995	–
Other creditors	624	279
Accruals and deferred income	46,986	42,817
Amounts due under vehicle repurchase options granted to customers	14,457	11,782
	115,973	84,912

15. Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Amounts due under vehicle repurchase options granted to customers:		
In two to five years	38,364	40,785

Notes to the financial statements

at 31 December 2014

16. Provisions for liabilities

	Dilapidation Provision	*Warranty*	*Other*	*Total*
	£000	*£000*	*£000*	*£000*
At 1 January 2014	(1,000)	(25,765)	(105)	(26,870)
Charged to profit and loss	(10)	(17,933)	(93)	(18,036)
Utilised	–	20,704	105	20,809
At 31 December 2014	(1,010)	(22,994)	(93)	(24,097)

Warranty provisions represent the Company's estimated liability on all products under warranty based on the historical level of claims and units sold in the year. Warranties are given for periods of up to 3 years.

The dilapidation provision is based on the current estimate relating to leasehold properties.

17. Issued share capital

		2014		*2013*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	36,720,000	36,720	36,720,000	36,720
'B' Preference shares of £1 each	80,000,000	80,000	80,000,000	80,000
Called-up, allotted and not paid				
Ordinary shares of £1 each	280,000	280	280,000	280
		117,000		117,000

The preference shares are non-voting and have preferential rights to receive dividends and return of capital on a winding up.

18. Movements on reserves

	Share premium account	*Additional paid in capital*	*Other reserves*	*Revaluation reserve*	*Profit and loss account*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
At 1 January 2014	9,219	25,000	(9,615)	500	(61,569)	(36,465)
Loss for the year	–	–	–	–	(2,084)	(2,084)
At 31 December 2014	9,219	25,000	(9,615)	500	(63,653)	(38,549)

Other reserves relates to goodwill written off in prior periods.

Notes to the financial statements

at 31 December 2014

19. Reconciliation of shareholders' funds

	2014	*2013*
	£000	*£000*
(Loss) for the year	(2,084)	(1,323)
Change in revaluation reserve	–	–
(Loss) to shareholder's funds	(2,084)	(1,323)
Shareholder's funds as at 1 January	80,535	81,858
Shareholder's fund as at 31 December	78,451	80,535

20. Pensions

The Company provides pension arrangements for its full time employees through group schemes; both defined contribution and defined benefit.

The defined benefit schemes are multi-employer schemes and the directors have concluded that they are unable to identify the Company's share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis and therefore have accounted for the schemes as defined contribution schemes in accordance with FRS 17.

A tri-annual valuation as at 31 March 2011 has been undertaken by a qualified actuary. This valuation has been used as a basis for the valuation as at 31 December 2014.

Details of these valuations are as follows:

	2014	*2013*	*2012*
	£000	*£000*	*£000*
Iveco pension scheme			
Total market value of assets	114,369	107,543	108,200
Present value of scheme liabilities	(154,013)	(128,173)	(125,573)
Deficit in the scheme	(39,644)	(20,630)	(17,373)
Related deferred tax asset	7,929	4,126	3,996
Net pension deficit	(31,715)	(16,504)	(13,377)

	2014	*2013*	*2012*
	£000	*£000*	*£000*
Iveco senior pension scheme			
Total market value of assets	8,298	7,219	6,980
Present value of scheme liabilities	(4,292)	(4,094)	(4,393)
Surplus in the scheme	4,006	3,125	2,587
Related deferred tax liability	(801)	(625)	(595)
Net pension surplus	3,205	2,500	1,992

Key assumptions for both schemes were:

Rate of increase in pensions payment	2.50%	2.55%	2.25%
Rate of increase in salaries	3.75%	3.75%	3.00%
Inflation assumption	3.50%	3.50%	3.00%
Discount rate	3.50%	4.20%	4.30%

Notes to the financial statements

at 31 December 2014

21. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below:

		2014		*2013*
	Land and buildings	*Other*	*Land and buildings*	*Other*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:				
Within one year	977	370	45	211
In two to five years	1,418	152	900	185
Over Five Years	765	-	-	-
	3,160	522	945	396

22. Contingent liabilities

	2014	*2013*
	£000	*£000*
Duty deferment guarantee	20	20
DVLA guarantee	47	47
	67	67

Contingent liabilities are in respect of guarantees given to third parties, a significant part of which, are given in the ordinary course of business.

The Company has entered into a cross guarantee arrangement with other United Kingdom CNH Industrial Group companies within the CNH Industrial central cash management system whereby each Company guarantees all financial obligations of the participating companies to their bankers and vice versa.

23. Related party transactions

The Company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose transactions with other group companies.

24. Ultimate parent undertaking and controlling party

For the period ended 31 December 2014, the directors regard CNH Industrial N.V, a company incorporated in the Netherlands with its principal place of business in the UK, as the ultimate parent undertaking and controlling party.

CNH Industrial N.V. is the parent undertaking of the largest and smallest group of which the company is a member and for which group accounts are drawn up.

Once signed and approved, copies of the 2014 financial statements of CNH Industrial Group will be available at the Corporate Offices of CNH Industrial N.V, Cranes Farm Road, Basildon SS14 3AD.