

Kverneland Devizes Limited
Annual report and financial statements
for the year ended 31 December 2016

Registered Number 2590619



Kverneland Devizes Limited

Annual report and financial statements for the year ended 31 December 2016

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Kverneland Devizes Limited

Directors and advisors

Directors

J Bell

A Gjerde

Company secretary

J Raeburn

Independent Auditors

PricewaterhouseCoopers LLP

8 Princes Parade

St Nicholas Place

Liverpool

L3 1QJ

Solicitors

Neil Myerson Solicitors

The Cottages

Regent Road

Altrincham

Cheshire

WA14 1RX

Registered office

Walkers Lane

Lea Green

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Merseyside

WA9 4AF

Registered number

2590619

Kverneland Devizes Limited

Strategic report for the year ended 31 December 2016

The directors present the strategic report for the year ended 31 December 2016.

Principal activities

The principal activity of the company continues to be the manufacture and sale of agricultural machinery and spare parts. The production functions are performed at a branch based at a group company facility in Denmark. The company is incorporated in the United Kingdom.

Review of business and future developments

The agricultural industry continues to experience a difficult environment due to poor commodity prices. It has been decided post year end to close the Danish branch in 2017 and sell the balechopper business to Kverneland Group Kerteminde, which is the main manufacturing plant in Denmark; this should be complete by the end of 2017.

However, Devizes in UK will continue to sell spare parts and trade as normal, there are no plans to change this in the foreseeable future.

Key performance indicators (“KPIs”)

As a wholly owned subsidiary of Kubota Corporation, the company’s performance is best viewed in the context of the Kubota Group which is addressed within the Group’s annual report, a copy of which is available upon request, refer to additional disclosure within note 15 of these financial statements.

Principal risks and uncertainties

As with all businesses our performance is largely dependent upon the income and profitability of our customers, any significant deterioration in these factors would impact upon our own performance; refer to those financial and other risks listed below.

Financial and other risks, and their management

The company manages all its risks in order to minimise any possible impact on the trading activities and the financial results of the business. See note 5 on pages 17 and 18 for further details.

By order of the Board



J Raeburn
Company secretary

31 May 2017

Kverneland Devizes Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Directors and their interests

The directors who held office during the year was as follows:

J Bell
A Gjerde

The directors who held office at the end of the financial year did not have any notifiable interest in the shares of the company or any group company during the year.

Results and dividends

The loss on ordinary activities before taxation was £382k (2015 loss: £468k) for the year and sales were £2,252k (2015: £4,434k). The company has net assets of £710k (2015: £1,364k).

The directors do not propose a dividend for the year (2015: £nil).

Going concern

Having carefully reviewed the entity's funding, budget and business plan for the next twelve months, the directors have a reasonable expectation that the entity will be able to continue operating for the foreseeable future. The directors continue to adopt the going concern basis in preparing the entity's financial statements.

Future developments

Refer to the disclosure included within the Strategic report.

Financial and other risks, and their management

Refer to the disclosure included within the Strategic report.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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. The directors 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.

Kverneland Devizes Limited

Director's report for the year ended 31 December 2016 (continued)

Disclosure of information to auditors

For each person who is a director at the time of approval of this report:

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This information is given in accordance with Section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General meeting.

By order of the Board



J Raeburn
Company secretary
31 May 2017

Kverneland Devizes Limited

Independent auditors' report to the members of Kverneland Devizes Limited

Report on the financial statements

Our opinion

In our opinion, Kverneland Devizes Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statement, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- the Statement of comprehensive income for the year then ended;
- the Cash flow statement for the year then ended;
- the Statement of changes in equity for the year then ended;
- the Accounting policies; and
- the Notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRS' as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Kverneland Devizes Limited

Independent auditors' report to the members of Kverneland Devizes Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool
31 May 2017

Kverneland Devizes Limited

Statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Revenue		2,252	4,434
Cost of sales		(2,235)	(4,470)
Gross profit/(loss)		17	(36)
Distribution costs		(170)	(134)
Administrative expenses		(209)	(218)
Operating loss	1	(362)	(388)
Interest expense	4	(39)	(92)
Interest income	4	19	12
Loss on ordinary activities before taxation		(382)	(468)
Taxation	6	(53)	(46)
Loss for the year		(435)	(514)
Other comprehensive (loss)/income:			
Foreign exchange gain/(loss)		457	(83)
Defined benefit pension actuarial (losses)/gains		(676)	261
Total comprehensive loss		(654)	(336)

Statement of changes in equity for the year ended 31 December 2016

	Share capital £'000	Translation reserve £'000	Profit and loss reserve £'000	Total equity £'000
At 1 January 2015	5,300	95	(3,695)	1,700
Other comprehensive loss – exchange loss	-	(83)	-	(83)
Other comprehensive income - actuarial gains (net of tax)	-	-	261	261
Loss for the year	-	-	(514)	(514)
At 31 December 2015	5,300	12	(3,948)	1,364
At 1 January 2016	5,300	12	(3,948)	1,364
Other comprehensive loss – exchange gain	-	457	-	457
Other comprehensive income - actuarial losses (net of tax)	-	-	(676)	(676)
Loss for the year	-	-	(435)	(435)
At 31 December 2016	5,300	469	(5,059)	710

The notes on pages 16 to 26 form an integral part of these financial statements.

Kverneland Devizes Limited

Balance sheet as at 31 December 2016

			As restated	As restated
	Note	2016 £'000	2015 £'000	2014 £'000
Assets				
Non-current assets				
Intangible assets	7(b)	-	-	-
Property, plant and equipment	7(a)	-	-	-
Deferred tax asset	6	293	177	283
		293	177	283
Current assets				
Inventories	8	120	153	335
Trade and other receivables	9	2,553	2,976	4,888
Cash		-	34	-
		2,673	3,163	5,223
Liabilities				
Current liabilities				
Trade and other payables	10	(507)	(966)	(2,365)
Net current assets		2,166	2,197	2,858
Non-current liabilities				
Provisions	11	(1,749)	(1,010)	(1,441)
Net assets		710	1,364	1,700
Equity				
Share capital	12	5,300	5,300	5,300
Translation reserve		469	12	95
Profit and loss reserve		(5,059)	(3,948)	(3,695)
Total equity		710	1,364	1,700

The notes on pages 16 to 26 form an integral part of these financial statements.

The financial statements on pages 9 to 26 were approved by the board of directors on 31 May 2017 and were signed on its behalf by:



J Bell
Director

Company Name Kverneland Devizes Limited
Registered Number 2590619

Kverneland Devizes Limited

Cash flow statement for the year ended 31 December 2016

	As restated	
	2016 £'000	2015 £'000
Cash flows from operating activities		
Loss on ordinary activities before taxation	(382)	(468)
Adjustments for:		
Interest expense	39	92
Interest income	(19)	(12)
Decrease in trade and other receivables	423	1,912
Decrease in inventories	33	182
Decrease in payables	(459)	(1,375)
(Decrease)/Increase in other provisions	(2)	4
Pension cost less pension payments	(104)	(116)
Cash flow used in from operating activities	(471)	(219)
Interest paid	(39)	(92)
Interest received	19	12
Income taxation paid	-	(22)
Net cash generated used in operating activities	(491)	(117)
Effects of exchange rate changes	457	(83)
Net decrease in cash	(34)	34
Cash at 1 January	34	-
Cash at 31 December	-	34

Kverneland Devizes Limited

Accounting policies

The principal accounting policies applied in the preparation of these financial statements according to IFRS are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis under the historical cost convention. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

New standards, amendments to standards or interpretations

Standards, amendments and interpretations that are not yet effective are as follows:

Standard or interpretation	Content	Applicable for financial years beginning on or after
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019

At the time of preparing this report the entity continues to assess the possible impact of the adoption of these standard in future periods and updates will be provided in a future annual report.

Revenue

Revenue is the net invoiced sales value, excluding VAT and trade discounts. Revenue is recognised at the point of despatch of goods. Interest revenue is recognised on a time proportion basis using the effective interest rate method.

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Accounting policies (continued)

Tangible assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives. Plant and machinery is depreciated over periods ranging from 4 to 10 years

Tangible assets are written down to fair value whenever there is a permanent reduction in value. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Development costs are capitalised when the directors are confident that a project is technically feasible and will result in an inflow of future economic benefits to the company.

Salary and material costs which are directly attributable to such projects are capitalised and amortised over a period of 5 years from the date that production commences.

Inventory

Raw materials are valued at the lower of acquisition cost calculated in accordance with the weighted average cost method, and net realisable value. Work in progress and finished goods are included at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and an appropriate amount of works overhead expenses related to the state of manufacture of the goods concerned.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances that are readily available from the banking arrangements held. The company recognises cash as being the net amount processed by the bank. Uncleared banking items are reported in short-term debtors and creditors. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation

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Accounting policies (continued)

authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The company operates both a defined benefit and defined contribution pension plan. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The net pension cost for the period is included in salaries, wages and other personnel expenses and consists of current year pension earnings, interest expenses on calculated pension liabilities, expected return on pension funds, booked effect of changes in estimates and pension schemes, and social security.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which is Danish Kroner (DKK). The financial statements are presented in sterling, which is the company's presentation currency, for the use of the directors as sterling is the functional currency for all the other companies within the UK Group. Assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated into sterling using monthly exchange rates. Translation differences have been charged directly to equity.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

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Accounting policies (continued)

Tax

The company has tax losses carried forward, and recognition of any deferred tax asset is assessed on the basis of possible future utilization of these tax losses. The assessment is made by calculation of estimated future earnings.

Inventories

The company performs a continuous assessment of obsolescence and any change in obsolescence is charged to the profit and loss account.

Warranty provision

Warranty claims are provided for based on expected level of claims in relation to machines sold prior to the balance sheet date, taking into account any extended warranty terms that may be offered on individual products and previous claim history.

Pensions

Pension valuations are based on a number of estimates and assumptions on a number of forward looking factors. Management utilise the advice of experts in order to make judgements with regards to these assumptions.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker ('CODM'), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. The Board consider that the entity comprises of one segment being the supply and manufacture and sale of agricultural machinery and spare parts, and this is how results are reported to the Board.

Going concern

Having carefully reviewed the entity's funding, budget and business plan for the next twelve months, the directors have a reasonable expectation that the entity will be able to continue operating for the foreseeable future. The directors continue to adopt the going concern basis in preparing the entity's financial statements.

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2016

1 Operating loss

	2016 £'000	2015 £'000
<hr/>		
Operating loss is stated after charging		
Employee costs (note 3)	260	235
Cost of inventories recognised as an expense	2,161	4,162
Auditors' remuneration		
- Fees payable for the audit	10	3
<hr/>		

2 Directors and key management

The directors did not receive any remuneration in respect of their services to the company in respect of the current or the previous year. The remuneration they receive in their role is borne by another group company. Retirement benefits are accruing to one director (2015: one) under a defined contribution scheme. There are no other key management employed by the company other than the directors.

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Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Employee costs

	2016 £'000	2015 £'000
Wages and salaries	233	213
Social security costs	6	9
Other pension costs	21	13
Staff costs	260	235

The average weekly number of employees during the year was:

	2016 Number	2015 Number
Staff	3	4
	3	4

4 Net interest expense

	2016 £'000	2015 £'000
Interest payable on bank overdraft	(8)	(40)
Net finance cost in respect of defined benefit pension scheme	(31)	(52)
Interest income on bank deposit	19	12
Net interest expense	(20)	(80)

5 Financial instruments and risk management

Financial risk consists of market risk, credit risk, liquidity risk and interest rate risk.

Market risk

The company is exposed to foreign exchange risk primarily in respect of the Euro and Danish Krone. The company does not perform hedging and currency risk is managed by the Kverneland AS for their entire group. The net exposure against each currency is calculated based on expected future cash inflow and outflow for the next 12 months. The consolidated exposure for each currency is hedged externally by forward exchange contracts in the exchange market.

Credit risk

Credit risk in the company is mainly related to accounts receivable. Most sales are made to other companies within the Kverneland AS group. The level of credit risk in the company is considered to be low.

Liquidity risk

The company has sufficient cash holdings to cover its liquidity needs. Additional cash is also available to the company if needed from the Kverneland AS group's cash pool.

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Notes to the financial statements for the year ended 31 December 2016 (continued)

5 Financial instruments and risk management (continued)

Interest rate risk

The company is exposed to interest rate risk through the bank overdraft. The company seeks to limit this risk by entering into agreements with banks holding a good reputation. The primary reference rate is EURIBOR. The company has not applied any financial instruments in the management of interest risk in 2016.

6 Taxation

Analysis of income in the year:

	2016 £'000	2015 £'000
<i>Current tax</i>		
Prior year adjustment	-	-
Overseas tax	-	-
	-	-
<i>Deferred tax</i>		
Deferred tax	20	22
Change in tax rates	33	24
	53	46
Taxation	53	46

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(382)	(468)
Loss on ordinary activities before taxation multiplied by standard rate of 20 % (2015: 20.25 %)	(76)	(95)
Effects of:		
Overseas tax	-	-
Timing differences for which no deferred tax asset was recognised	96	117
Prior year adjustment	-	-
Expenses not deductible	-	-
Change in tax rate	33	24
Total taxation	53	46

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Notes to the financial statements for the year ended 31 December 2016 (continued)

6 Taxation (continued)

	2016 £'000	2015 £'000
Recognised deferred tax asset comprises:		
Pensions	293	177
Net deferred tax asset	293	177
Movement in the deferred tax asset recognised relates to:		
At 1 January	177	283
Recognised in the income statement	(53)	(46)
Recognised in other comprehensive income	169	(60)
At 31 December	293	177
Unrecognised deferred tax assets comprise:		
Tax losses carry forward	701	714
Losses carried forward	97	117
Net deferred tax assets	798	831

The entity recognises the deferred tax effects caused by movements in the pension asset; however given the uncertainty of timing of future profits, deferred tax assets in relation to losses carried forward and accelerated capital allowances are not recognised on the entity's balance sheet.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020, this has now been substantively enacted by the UK parliament, on 6 September 2016. A change to reduce the UK corporation tax rate to 19% from 1 April 2017 had already been substantively enacted on 26 October 2015. The change to reduce this to 17% from 1 April 2020 was substantively enacted prior to the balance sheet date on 6 September 2016, and the effects of this are therefore included in these financial statements.

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Notes to the financial statements for the year ended 31 December 2016 (continued)

7(a) Property, plant and equipment

	Plant and machinery
	£'000
Cost at 31 December 2016 and 1 January 2016	106
Depreciation	
At 1 January 2016	106
Charge for the year	-
At 31 December 2016	106
Net book value	
At 31 December 2016	-
At 31 December 2015	-

7(b) Intangible Assets

	Research & Development
	£'000
Cost at 31 December 2016 and 1 January 2016	428
Amortisation	
At 1 January 2016	428
Charge for year	-
At 31 December 2016	428
Net book value	
At 31 December 2016	-
At 31 December 2015	-

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Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Inventories

	2016 £'000	2015 £'000
Finished goods and goods for resale	120	153
	120	153

9 Trade and other receivables

	2016 £'000	As restated 2015 £'000
Trade receivables	9	8
Fellow subsidiary undertakings – trade (note 13)	2,392	2,893
Other receivables	152	75
	2,553	2,976

As of 31 December 2016 (and 31 December 2015), amounts owed by other group undertakings are non-interest bearing and have no fixed repayment date.

None of the entities receivables from fellow subsidiary undertakings are past due. All of the entity's receivables from subsidiary undertakings are denominated in Euros.

As of 31 December 2016, no trade receivables (2015: £nil) were impaired nor provided for.

10 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	-	210
Fellow subsidiary undertakings – trade (note 13)	425	627
Corporation tax payable	-	30
Other payables and accruals	82	99
	507	966

As of 31 December 2016 (and 31 December 2015), amounts owed to other group undertakings are non-interest bearing and have no fixed repayment date.

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Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Provisions

	2016 £'000	2015 £'000
Warranty provision	29	31
Defined benefit pension provision	1,720	979
At 31 December 2016	1,749	1,010

Warranty provision

The provision represents warranties that may be claimed in relation to sales made on or before 31 December 2016. This provision is expected to give rise to cash outflows over the next 1 to 3 years.

Pension provision

The company operates the Kverneland Devizes Limited Life Assurance and Pension Plan a pension scheme that entitles its members to defined future benefits (defined benefits plan). These benefits are primarily dependent upon the number of years of employment and the salary level at the time of retirement. The last triennial actuarial valuation was performed at 31 December 2014 by an independent professional actuary.

Economic assumptions (%)	2016	2015
Discount rate	2.8	3.7
Inflation	3.4	3.1
Expected annual increase of pension payments	3.4	3.1
Expected rate of increase in salaries	3.4	3.1

Net Pension cost:	2016 £'000	2015 £'000
Current service cost	17	17
Interest cost on pension obligations	317	351
Return on pension funds	(286)	(299)
Expenses	49	23
Net pension cost	97	92

Reconciliation of financial status:	2016 £'000	2015 £'000
Present value of funded obligations	10,527	8,756
Fair value of plan assets	(8,807)	(7,777)
Net liability	1,720	979

The analysis of the plan assets is as follows:

	2016 £'000	2015 £'000
Equities	6,566	5,655
Bonds	2,241	2,122
	8,807	7,777

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Provisions (continued)

Pension provision (continued)

The movement in the present value of the defined benefit obligation over the year is as follows:

	2016 £'000	2015 £'000
Beginning of the year	8,756	9,344
Current service cost	17	17
Interest cost	317	351
Member contributions	7	7
Benefits paid	(358)	(439)
Actuarial losses/(gains)	1,788	(524)
End of the year	10,527	8,756

The movement in the fair value of plan assets over the year is as follows:

	2016 £'000	2015 £'000
Beginning of the year	7,777	7,930
Interest income on assets	286	299
Employer contributions	201	201
Member contributions	7	7
Benefits paid	(358)	(439)
Expenses	(49)	(23)
Actuarial gains/losses	943	(198)
End of the year	8,807	7,777

The actual return on plan assets is as follows:

	2016 £'000	2015 £'000
Interest income on assets	286	299
Actuarial gains/(losses)	943	(198)
End of the year	1,229	101

The movement in the net liability over the year is as follows:

	2016 £'000	2015 £'000
Beginning of the year	979	1,414
Total expense in the income statement	97	92
Contributions paid	(201)	(201)
Actuarial losses/(gains)	845	(326)
End of the year	1,720	979

Sensitivity analysis – impact on defined benefit obligation (DB) at 31 December 2016 (£'000)

Increase / (decrease) discount rate by 0.9%

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Provisions (continued)

Pension provision (continued)

Defined contribution pension plan

The company has a pension scheme where the employer is contributing a fixed amount which is managed separately (defined contribution plan).

	2016 £'000	2015 £'000
Pension cost – contribution plan	8	7

12 Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
5,300,000 (2015: 5,300,000) ordinary shares of £1 each	5,300	5,300

Kverneland Devizes Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Related party transactions

The following transactions were carried out with fellow Kverneland AS subsidiaries during the year:

	Sales £'000	Purchases £'000
Kverneland Group (UK) Limited	643	46
Kverneland (Ireland) Limited	239	-
Kverneland Group France	303	-
Kverneland Group CIS	33	-
Kverneland Group Kerteminde	-	1,673
Kverneland Group Benelux	14	-
Kverneland Group Deutschland	84	-
Kverneland Group Denmark	111	-
Kverneland Group Sweden	268	-
Kverneland Group Inter	185	4
Kverneland Group Poland	-	-
Parts Warehouse UK	14	-
Other fellow subsidiaries	41	21
	1,935	1,744

Year-end balances arising from sales and purchases of goods and services are as follows:

	Receivable £'000	Payable £'000
Kverneland Group (UK) Limited	-	14
Kverneland (Ireland) Limited	72	-
Kverneland Group Inter	138	1
Kverneland Group Kerteminde	-	400
Kverneland Group Sweden	144	-
Kverneland Group France	38	-
Kverneland ASA	1,981	7
Other fellow subsidiaries	19	3
	2,392	425

14 Events subsequent to the balance sheet date

The agricultural industry continues to experience a difficult environment due to poor commodity prices. It has been decided post year end to close the Danish branch in 2017 and sell the balechopper business to Kverneland Group Kerteminde, which is the main manufacturing plant in Denmark; this should be complete by the end of 2017.

However, Devizes in UK will continue to sell spare parts and trade as normal, there are no plans to change this in the foreseeable future.

Kverneland Devizes Limited

15 Ultimate parent undertaking and controlling party

The directors consider Kubota Corporation, a company registered in Japan, as the ultimate holding company and controlling party.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared is Kubota Corporation, incorporated in Japan. Copies of these group financial statements may be obtained from 2-47, Shikitsu-higashi 1-chome, Naniwa-ku, Osaka 556-8601, Japan.

16 Prior year restatement

A reclassification of cash balances has been made in the current and prior year. Previously, the cash balance included short term intercompany receivables due to the Group process of sweeping cash accounts at the end of each period. These balances are readily available and are received in cash immediately in full the following day after the sweep has taken place. These have been reclassified to intercompany receivables given that as at the point of year end, these are not held in bank accounts under the UK entity name. This adjustment has no impact on reserves.

The impact on the prior year comparatives was to reclassify £2.2m of cash into trade and other receivables. The impact of this has been made and disclosed with all related notes. The impact on the opening balance sheet as at 1 January 2015 was to reclassify £3.2m of cash into trade and other receivables.