

**Kverneland Devizes Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2014**

**Registered Number 2590619**

THURSDAY



\*A4G5IK01\*

A21

17/09/2015

#115

COMPANIES HOUSE

# **Kverneland Devizes Limited**

## **Annual report and financial statements for the year ended 31 December 2014**

### **Contents**

|  |    |
|--|----|
| Directors and advisors.....  | 3  |
| Strategic report for the year ended 31 December 2014.....                                  | 4  |
| Directors' report for the year ended 31 December 2014.....                                 | 5  |
| Independent auditors' report to the members of Kverneland Devizes Limited .....            | 7  |
| Independent auditors' report to the members of Kverneland Devizes Limited (continued)..... | 8  |
| Statement of comprehensive income for the year ended 31 December 2014 .....                | 9  |
| Balance sheet as at 31 December 2014.....  | 10 |
| Cash flow statement for the year ended 31 December 2014.....                               | 11 |
| Accounting policies .....  | 12 |
| Notes to the financial statements for the year ended 31 December 2014.....                 | 17 |

# **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

St. Helens

Merseyside

WA9 4AF

### **Registered number**

2590619

# **Kverneland Devizes Limited**

## **Strategic report for the year ended 31 December 2014**

The directors present the strategic report for the year ended 31 December 2014.

### **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 trend from 2013 continued throughout 2014: lower sales of vertical-mixer products were equalized with self-propelled mixers sales. The directors are currently reviewing the strategic options for the company.

### **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 18 and 19 for further details.

### **By order of the Board**



**J Raeburn**  
Company secretary

29 May 2015

# **Kverneland Devizes Limited**

## **Directors' report for the year ended 31 December 2014**

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

### **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 results for the company show a pre-tax loss of £402k (2013 profit: £257k) for the year and sales of £7,110k (2013: £7,164k). The company has net assets of £1,700k (2013: £2,705k).

The directors do not propose a dividend for the year (2013: £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.

### **Research and development**

The company has continued to focus on investment in product development primarily on a new generation of bale chopper products.

# Kverneland Devizes Limited

## Director's report for the year ended 31 December 2014 (continued)

### Statement of director's responsibilities

The directors are responsible for preparing the Strategic report, 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 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. 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### 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  
29 May 2015

# **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 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

Kverneland Devizes Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- 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; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, 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.

#### **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 6, 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 and financial statements 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.

Jonathan Studholme (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP



Chartered Accountants and Statutory Auditors  
Liverpool  
29 May 2015



# Kverneland Devizes Limited

## Statement of comprehensive income for the year ended 31 December 2014

|   | Note | 2014<br>£'000  | 2013<br>£'000 |
|---|------|----------------|---------------|
| Revenue   |      | 7,110          | 7,164         |
| Cost of sales   |      | (6,881)        | (6,254)       |
| <b>Gross profit</b>   |      | <b>229</b>     | <b>910</b>    |
| Distribution costs  |      | (134)          | (168)         |
| Administrative expenses                                     |      | (441)          | (466)         |
| <b>Operating (loss)/profit</b>                              | 1    | <b>(346)</b>   | <b>276</b>    |
| Interest expense  | 4    | (85)           | (88)          |
| Interest income   | 4    | 29             | 69            |
| <b>(Loss)/profit on ordinary activities before taxation</b> |      | <b>(402)</b>   | <b>257</b>    |
| Taxation  | 6    | (91)           | (168)         |
| <b>(Loss)/profit for the year</b>                           |      | <b>(493)</b>   | <b>89</b>     |
| Other comprehensive income:                                 |      |                |               |
| Foreign exchange (loss)/gain                                |      | (167)          | 97            |
| Defined benefit pension actuarial (loss)/gains (net of tax) |      | (345)          | 261           |
| <b>Total comprehensive (loss)/income</b>                    |      | <b>(1,005)</b> | <b>447</b>    |

## Statement of changes in equity for the year ended 31 December 2014

|  | Share<br>capital<br>£'000 | Translation<br>reserve<br>£'000 | Profit and<br>loss reserve<br>£'000 | Total<br>£'000 |
|--|---------------------------|---------------------------------|-------------------------------------|----------------|
| At 1 January 2013  | 5,300                     | 165                             | (3,207)                             | 2,258          |
| Other comprehensive income – exchange loss                 | -                         | 97                              | -                                   | 97             |
| Other comprehensive income - actuarial gains (net of tax)  | -                         | -                               | 261                                 | 261            |
| Profit for the year  | -                         | -                               | 89                                  | 89             |
| <b>At 31 December 2013</b>                                 | <b>5,300</b>              | <b>262</b>                      | <b>(2,857)</b>                      | <b>2,705</b>   |
| At 1 January 2014  | 5,300                     | 262                             | (2,857)                             | 2,705          |
| Other comprehensive income – exchange loss                 | -                         | (167)                           | -                                   | (167)          |
| Other comprehensive income - actuarial losses (net of tax) | -                         | -                               | (345)                               | (345)          |
| Loss for the year  | -                         | -                               | (493)                               | (493)          |
| <b>At 31 December 2014</b>                                 | <b>5,300</b>              | <b>95</b>                       | <b>(3,695)</b>                      | <b>1,700</b>   |

The notes on pages 17 to 26 form an integral part of these financial statements.

# Kverneland Devizes Limited

## Balance sheet as at 31 December 2014

|                                | Note | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------------|------|---------------|---------------|
| <b>Assets</b>                  |      |               |               |
| <b>Non-current assets</b>      |      |               |               |
| Intangible assets              | 7(b) | -             | -             |
| Property, plant and equipment  | 7(a) | -             | -             |
| Deferred tax asset             | 6    | 283           | 217           |
|                                |      | <b>283</b>    | <b>217</b>    |
| <b>Current assets</b>          |      |               |               |
| Inventories                    | 8    | 335           | 140           |
| Trade and other receivables    | 9    | 1,726         | 1,428         |
| Cash                           |      | 3,162         | 3,208         |
|                                |      | <b>5,223</b>  | <b>4,776</b>  |
| <b>Liabilities</b>             |      |               |               |
| <b>Current liabilities</b>     |      |               |               |
| Trade and other payables       | 10   | (2,365)       | (1,178)       |
| <b>Net current assets</b>      |      | <b>2,858</b>  | <b>3,598</b>  |
| <b>Non-current liabilities</b> |      |               |               |
| Provisions                     | 11   | (1,441)       | (1,110)       |
| <b>Net assets</b>              |      | <b>1,700</b>  | <b>2,705</b>  |
| <b>Shareholders' equity</b>    |      |               |               |
| Ordinary shares                | 12   | 5,300         | 5,300         |
| Translation reserve            |      | 95            | 262           |
| Profit and loss reserve        |      | (3,695)       | (2,857)       |
| <b>Total equity</b>            |      | <b>1,700</b>  | <b>2,705</b>  |

The notes on pages 17 to 26 form an integral part of these financial statements.

The financial statements on pages 17 to 26 were approved by the board of directors on 29 May 2015 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 2014

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| <b>Cash flows from operating activities</b>              |               |               |
| Net (loss)/profit before taxation                        | (402)         | 257           |
| Adjustments for:   |               |               |
| Interest expense   | 85            | 88            |
| Interest income  | (29)          | (69)          |
| Depreciation and amortisation                            | -             | 12            |
| (Increase) / decrease in trade and other receivables     | (298)         | 423           |
| (Increase) / decrease in inventories                     | (195)         | 244           |
| Increase in payables                                     | 1,187         | 60            |
| Increase/(decrease) in other provisions                  | (4)           | (55)          |
| Pension cost less pension payments                       | (96)          | (90)          |
| Cash flow (used in)/generated from operating activities  | 248           | 870           |
| Interest paid  | (85)          | (88)          |
| Interest received  | 29            | 69            |
| Income taxation paid                                     | (73)          | (103)         |
| Net cash (used in) / generated from operating activities | 119           | 748           |
| <b>Cash flows from investing activities</b>              |               |               |
| Expenditure on intangible fixed assets                   | -             | -             |
| Expenditure on tangible fixed assets                     | -             | -             |
| Net cash used in investing activities                    | -             | -             |
| Effects of exchange rate changes                         | (165)         | 62            |
| Net (decrease)/increase in cash                          | (46)          | 810           |
| Cash at 1 January  | 3,208         | 2,398         |
| <b>Cash at 31 December</b>                               | <b>3,162</b>  | <b>3,208</b>  |

# 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. The impact of restatement arising from a change of accounting policy in the year is outlined below.

### 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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2014. No standards have been early adopted by the entity. None of these standards and interpretations has had a material effect on the entity's financial statements.

| Standard or interpretation | Content   | Applicable for financial years beginning on or after |
|----------------------------|---|--|
| IFRS 10                    | Consolidated financial statements                     | 1 January 2014                                       |
| IFRS 11 *                  | Joint arrangements                                    | 1 January 2014                                       |
| IFRS 12                    | Disclosures of Interests in Other Entities            | 1 January 2014                                       |
| Amendment: IAS 27          | Separate financial statements                         | 1 January 2014                                       |
| Amendment: IAS 32          | Financial instruments: Presentation                   | 1 January 2014                                       |
| Amendment: IAS 36          | Impairment of assets                                  | 1 January 2014                                       |
| Amendment: IAS 39          | Financial instruments: recognition and measurement    | 1 January 2014                                       |
| IFRIC 21                   | Levies  | 1 January 2014                                       |
| IAS 27 (revised 2011)      | Separate financial statements                         | 1 January 2014                                       |
| IAS 28 (revised 2011)      | Associates and joint ventures                         | 1 January 2014                                       |
| Amendment: IFRS 9          | Financial instruments: classification and measurement | 1 January 2015                                       |

# Kverneland Devizes Limited

## Accounting policies (continued)

### New standards, amendments to standards or interpretations (continued)

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

| Standard or interpretation | Content                                      | Applicable for financial years beginning on or after |
|----------------------------|--|--|
| Amendment: IAS 19          | Defined Benefit plans                        | 1 July 2014  |
| Amendment: IFRS 11         | Joint arrangements                           | 1 January 2016                                       |
| Amendment: IAS 16          | Property plant and equipment                 | 1 January 2016                                       |
| Amendment: IAS 38          | Intangible assets                            | 1 January 2016                                       |
| Amendment: IAS 41          | Agriculture                                  | 1 January 2016                                       |
| IFRS 14                    | Regulatory deferral accounts                 | 1 January 2016                                       |
| Amendment: IAS 27          | Separate financial statements                | 1 January 2016                                       |
| Amendment: IAS 28          | Investments in associates and joint ventures | 1 January 2016                                       |
| IFRS 15                    | Revenue from contracts with customers        | 1 January 2017                                       |
| IFRS 9                     | Financial instruments                        | 1 January 2018                                       |
| Amendment: IFRS 9          | Financial instruments                        | 1 January 2018                                       |

The directors have yet to assess the potential impact of the new standard.

### 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.

### 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.

# Kverneland Devizes Limited

## Accounting policies (continued)

### 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 and amounts held on deposit with Kverneland ASA at the balance sheet date as part of Kverneland Group treasury arrangements. 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 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.

# Kverneland Devizes Limited

## Accounting policies (continued)

### Employee benefits (continued)

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.

### Tax

The company has tax losses carried forward, and recognition of a 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.

### Trade receivables

Trade receivables are recognised initially at fair value. Any provision for bad debt is deducted by assessment at later stages. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The provision amounts to the residual between the face value and the estimated recoverable amount.

### 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.

# **Kverneland Devizes Limited**

## **Accounting policies (continued)**

### **Critical accounting estimates and judgements (continued)**

#### **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 2014

### 1 Operating (loss)/profit

|   | 2014<br>£'000 | 2013<br>£'000<br>(restated) |
|---|---------------|-----------------------------|
| <b>Operating (loss)/profit is stated after charging</b> |               |                             |
| Employee costs (note 3)                                 | 255           | 236                         |
| Cost of inventories recognised as an expense            | 6,684         | 5,986                       |
| Depreciation – owned assets                             | -             | 5                           |
| Amortisation  | -             | 7                           |
| Research and development                                |               |                             |
| Auditors' remuneration                                  |               |                             |
| - Fees payable for the audit                            | 8             | 7                           |

The 2013 Operating (loss)/profit has been restated due to a reallocation of costs incurred in relation to the purchase of inventories held for resale. The entity has utilised that same allocation for 2014 and will continue with this approach going forward.

### 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 (2013: one) under a defined contribution scheme. There are no other key management employed by the company other than the director.

# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 3 Employee costs

|                       | 2014<br>£'000 | 2013<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 236           | 214           |
| Social security costs | 8             | 8             |
| Other pension         | 11            | 14            |
| <b>Staff costs</b>    | <b>255</b>    | <b>236</b>    |

The average weekly number of employees during the year was:

|       | 2014<br>Number | 2013<br>Number |
|-------|----------------|----------------|
| Staff | 4              | 5              |
|       | 4              | 5              |

### 4 Net interest income / (expense)

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Interest payable on bank overdraft                            | (40)          | (27)          |
| Net finance cost in respect of defined benefit pension scheme | (45)          | (61)          |
| Interest income on bank deposit                               | 29            | 69            |
| <b>Net interest (expense)</b>                                 | <b>(56)</b>   | <b>(19)</b>   |

### 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 ASA 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 ASA 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 ASA group's cash pool.

# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (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 2014.

### 6 Taxation

Analysis of charge/(credit) in year:

|                       | 2014<br>£'000 | 2013<br>£'000 |
|-----------------------|---------------|---------------|
| <i>Current tax</i>    |               |               |
| Prior year adjustment | 12            | -             |
| Overseas tax          | 60            | 105           |
|                       | 72            | 105           |
| <i>Deferred tax</i>   |               |               |
| Deferred tax          | 20            | 55            |
| Change in tax rates   | (1)           | 8             |
|                       | 19            | 63            |
| <b>Taxation</b>       | <b>91</b>     | <b>168</b>    |

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| <b>Profit on ordinary activities before tax</b>   | <b>(402)</b>  | <b>257</b>    |
| Profit on ordinary activities multiplied by standard rate of 21.49 %<br>(2013: 23.25 %) | (86)          | 60            |
| Effects of:   |               |               |
| Overseas tax  | 60            | 110           |
| Timing differences for which no deferred tax asset was recognised                       | 112           | (10)          |
| Prior year adjustment   | 12            | -             |
| Items not taxable   | (12)          | -             |
| Change in tax rate  | 1             | 8             |
| Other items impacting the tax charge for the period                                     | 4             | -             |
| <b>Total taxation</b>   | <b>91</b>     | <b>168</b>    |

# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 6 Taxation (continued)

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Recognised deferred tax asset comprises:                  |               |               |
| Pensions  | 283           | 217           |
| Net deferred tax asset                                    | 283           | 217           |
| Movement in the deferred tax asset recognised relates to: |               |               |
| At 1 January  | 217           | 345           |
| Recognised in the income statement                        | (19)          | (63)          |
| Recognised in other comprehensive income                  | 85            | (65)          |
| At 31 December  | 283           | 217           |
| Unrecognised deferred tax assets comprise:                |               |               |
| Tax losses carry forward                                  | 758           | 724           |
| Losses carried forward                                    | 112           | 34            |
| Net deferred tax assets                                   | 870           | 758           |

The entity recognises the deferred tax effects caused by movements in the pension asset/(liability); 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.

The 2013 Budget on 20 March 2013 announced reductions to the UK corporation tax rate whereby the main rate of UK corporation tax is to reduce by 2% per annum to 21% by 1 April 2014 and by a further 1% per annum to 20% per annum by 1 April 2015. These changes were substantively enacted on 17 July 2013 and the deferred tax asset at 31 December 2013 has been re-measured accordingly.

# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 7(a) Property, plant and equipment

|  | Plant and<br>machinery |
|--|------------------------|
|  | £'000                  |
| <b>Cost at 31 December 2014 and 1 January 2014</b> | <b>106</b>             |
| <b>Depreciation</b>                                |                        |
| At 1 January 2014                                  | 106                    |
| Charge for the year                                | -                      |
| <b>At 31 December 2014</b>                         | <b>-</b>               |
| <b>Net book value</b>                              | <b>-</b>               |
| <b>At 31 December 2014</b>                         | <b>-</b>               |
| At 31 December 2013                                | -                      |

### 7(b) Intangible Assets

|  | Research &<br>Development |
|--|---------------------------|
|  | £'000                     |
| <b>Cost at 31 December 2014 and 1 January 2014</b> | <b>428</b>                |
| <b>Amortisation</b>                                |                           |
| At 1 January 2014                                  | 428                       |
| Charge for year                                    | -                         |
| <b>At 31 December 2014</b>                         | <b>-</b>                  |
| <b>Net book value</b>                              | <b>-</b>                  |
| <b>At 31 December 2014</b>                         | <b>-</b>                  |
| At 31 December 2013                                | -                         |

# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 8 Inventories

|                                     | 2014<br>£'000 | 2013<br>£'000 |
|-------------------------------------|---------------|---------------|
| Raw materials and consumables       | -             | 5             |
| Work in progress                    | -             | 49            |
| Finished goods and goods for resale | 335           | 86            |
|                                     | 335           | 140           |

### 9 Trade and other receivables

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Trade receivables                                | -             | -             |
| Fellow subsidiary undertakings – trade (note 13) | 1,500         | 1,391         |
| Other receivables                                | 226           | 37            |
|  | 1,726         | 1,428         |

As of 31 December 2014, 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 2014, no trade receivables (2013: £nil) were impaired nor provided for.

### 10 Trade and other payables

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Trade payables                                   | 316           | 473           |
| Fellow subsidiary undertakings – trade (note 13) | 1,909         | 504           |
| Corporation tax payable                          | 54            | 54            |
| Other payables and accruals                      | 86            | 147           |
|  | 2,365         | 1,178         |

As of 31 December 2014, amounts owed to other group undertakings are non-interest bearing and have no fixed repayment date.

# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 11 Provisions

|                                   | 2014         | 2013         |
|-----------------------------------|--------------|--------------|
|                                   | £'000        | £'000        |
| Warranty provision                | 27           | 31           |
| Defined benefit pension provision | 1,414        | 1,079        |
| <b>At 31 December 2014</b>        | <b>1,441</b> | <b>1,110</b> |

#### Warranty provision

The provision represents warranties that may be claimed in relation to sales made on or before 31 December 2014. 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 2011 by an independent professional actuary; the current valuation process has commenced, however not yet finalised as at reporting date.

| <b>Economic assumptions (%)</b>              | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|
| Discount rate                                | 4.0         | 4.5         |
| Inflation                                    | 2.4         | 2.9         |
| Expected annual increase of pension payments | 3.4         | 2.9         |
| Expected rate of increase in salaries        | 3.4         | 2.9         |

| <b>Net Pension cost:</b>             | <b>2014</b> | <b>2013</b> |
|--------------------------------------|-------------|-------------|
|                                      | £'000       | £'000       |
| Current service cost                 | 16          | 13          |
| Interest cost on pension obligations | 372         | 329         |
| Return on pension funds              | (327)       | (268)       |
| Expenses                             | 40          | 34          |
| <b>Net pension cost</b>              | <b>101</b>  | <b>108</b>  |

| <b>Reconciliation of financial status:</b> | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
|  | £'000        | £'000        |
| Present value of funded obligations        | 9,344        | 8,382        |
| Fair value of plan assets                  | (7,930)      | (7,303)      |
| <b>Net liability</b>                       | <b>1,414</b> | <b>1,079</b> |

The analysis of the plan assets is as follows:

|          | 2014         | 2013         |
|----------|--------------|--------------|
|          | £'000        | £'000        |
| Equities | 5,946        | 5,477        |
| Bonds    | 1,984        | 1,826        |
|          | <b>7,930</b> | <b>7,303</b> |

# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 11 Provisions (continued)

#### Pension provision (continued)

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

|                        | 2014<br>£'000 | 2013<br>£'000 |
|------------------------|---------------|---------------|
| Beginning of the year  | 8,382         | 7,809         |
| Current service cost   | 16            | 13            |
| Interest cost          | 372           | 329           |
| Member contributions   | 7             | 7             |
| Benefits paid          | (226)         | (330)         |
| Actuarial losses       | 793           | 554           |
| <b>End of the year</b> | <b>9,344</b>  | <b>8,382</b>  |

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

|                           | 2014<br>£'000 | 2013<br>£'000 |
|---------------------------|---------------|---------------|
| Beginning of the year     | 7,303         | 6,315         |
| Interest income on assets | 327           | 268           |
| Employer contributions    | 197           | 196           |
| Member contributions      | 7             | 7             |
| Benefits paid             | (226)         | (330)         |
| Expenses                  | (40)          | (34)          |
| Actuarial gains           | 362           | 880           |
| <b>End of the year</b>    | <b>7,930</b>  | <b>7,303</b>  |

The actual return on plan assets is as follows:

|                           | 2014<br>£'000 | 2013<br>£'000 |
|---------------------------|---------------|---------------|
| Interest income on assets | 327           | 268           |
| Actuarial gains           | 362           | 880           |
| <b>End of the year</b>    | <b>689</b>    | <b>1,148</b>  |

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

|                                       | 2014<br>£'000 | 2013<br>£'000 |
|---------------------------------------|---------------|---------------|
| Beginning of the year                 | 1,079         | 1,494         |
| Total expense in the income statement | 101           | 107           |
| Contributions paid                    | (197)         | (196)         |
| Actuarial (gains)/losses              | 431           | (326)         |
| <b>End of the year</b>                | <b>1,414</b>  | <b>1,079</b>  |

#### Sensitivity analysis – impact on change in funded obligations at 31 December 2014

|  |           |
|--|-----------|
| Increase / decrease discount rate by +/- 0.5%                  | +9% / -8% |
| Increase / decrease assumed rate of inflation by +/-0.5%       | +7% / -7% |
| Increase / decrease assumed rate of salary growth by +/-0.5%   | +1% / -1% |
| Increase / decrease expected life expectancies by +/- one year | +3% / -3% |



# Kverneland Devizes Limited

## Notes to the financial statements for the year ended 31 December 2014 (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).

|                                  | 2014<br>£'000 | 2013<br>£'000 |
|----------------------------------|---------------|---------------|
| Pension cost – contribution plan | 7             | 14            |

### 12 Called up share capital

|                                      | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------------------|---------------|---------------|
| Allotted, called up and fully paid   |               |               |
| 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 2014 (continued)

### 13 Related party transactions

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

|                               | Sales<br>£'000 | Purchases<br>£'000 |
|-------------------------------|----------------|--------------------|
| Kverneland Group (UK) Limited | 1,870          | 83                 |
| Kverneland (Ireland) Limited  | 211            | -                  |
| Kverneland Group France       | 1,994          | 18                 |
| Kverneland Group CIS          | -              | 5                  |
| Kverneland Group Kerteminde   | -              | 3,982              |
| Kverneland Group Benelux      | 234            | -                  |
| Kverneland Group Deutschland  | 297            | -                  |
| Kverneland Group Denmark      | 245            | 6                  |
| Kverneland Group Sweden       | 591            | 4                  |
| Kverneland Group Inter        | 78             | 16                 |
| Kverneland Group Poland       | 125            | -                  |
| Parts Warehouse UK            | 199            | -                  |
| Other fellow subsidiaries     | 334            | 45                 |
|                               | 6,178          | 4,159              |

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

|                               | Receivable<br>£'000 | Payable<br>£'000 |
|-------------------------------|---------------------|------------------|
| Kverneland Group (UK) Limited | 480                 | 11               |
| Kverneland (Ireland) Limited  | 49                  | -                |
| Kverneland Group Inter        | 23                  | 1                |
| Kverneland Group Kerteminde   | -                   | 1,883            |
| Kverneland Group Sweden       | 312                 | 2                |
| Kverneland Group France       | 494                 | 2                |
| Kverneland ASA                | -                   | 7                |
| Other fellow subsidiaries     | 142                 | 3                |
|                               | 1,500               | 1,909            |

### 14 Events subsequent to the balance sheet date

There are no events subsequent to the balance sheet date which require disclosure in this financial statements.

### 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.