

New Holland Tractor Limited

Report and Financial Statements

31 December 2016

TUESDAY



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COMPANIES HOUSE

Directors

P Hunter
N Wood

Secretary

C De Alwis (resigned 19 December 2016)

Auditors

Ernst & Young LLP
400 Capability Green
Luton LU1 3LU

Registered Office

Cranes Farm Road
Basildon
Essex SS14 3AD

Registered No. 766251

Strategic report

The Directors present their strategic report for the year ended 31 December 2016

On 1 July 2014 the company transferred certain assets and liabilities to CNH Industrial Belgium NV, by using merger principles for no consideration. The loss on the transfer was €39,691,000.

The company remains as an investment company for the foreseeable future and therefore the directors believe it is appropriate to prepare the accounts on a going concern basis.

Review of the Business

The company will remain as an investment company for the foreseeable future.

Principal Risks and Uncertainties

The most important components of financial risks are interest rate risk, liquidity risk, cash flow risk and price risk. As already mentioned will the company remain as an investment for the foreseeable future.

The company is not greatly exposed to credit risk owing to the majority of its transactions being with fellow group companies. Similarly the company is a net lender to other group companies and therefore although affected by fluctuations in interest rates, as this is not the primary operation of the business, interest rate risk is not deemed significant.

On behalf of the Board



P J Hunter

Director

21 February 2017

Directors Report

Results and dividends

The loss for the year after taxation amounted to €5,000 (2015 – Profit of €193,000). 2016 activities comprise only interest income plus a nominal overhead cost for maintaining the business. No dividend was paid during the year. (2015 – €290,000).

Going concern

The detail of the company performance and net asset position as at 31 December 2016 has been discussed under review of the business in the Strategic Report.

After making enquiries, the director considered that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has received a commitment of financial support from the company's ultimate parent company, CNH Industrial N.V. that will enable the Company to meet its obligations as they fall due. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Directors

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

P Hunter
N Wood

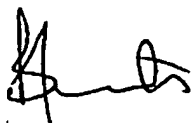
Disclosure of information to the auditors

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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



P J Hunter
Director
21 February 2017

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and the directors' report in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report

to the members of New Holland Tractor Limited

We have audited the financial statements of New Holland Tractor Limited for the year ended 31st December 2016 which comprise the Profit and Loss Account, the Statement of Financial position and the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of New Holland Tractor Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Ernst & Young LLP

Chris Nobbs (statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

21 FEBRUARY 2017

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016

	Notes	2016 €000	2015 €000
Turnover	3	-	-
Cost of sales		-	-
Gross profit		-	-
Distribution costs		-	-
Administrative expenses		(6)	(22)
Other operating expenses	4	-	(3)
Other operating income	4	114	-
Operating profit/(loss)	4	108	(25)
Interest receivable	7	1	273
Interest payable	8	(12)	(5)
(Loss)/Profit on ordinary activities before taxation		97	243
Tax	9	102	(50)
(Loss)/Profit for the financial year		(5)	193

Other Comprehensive Income

for the year ended 31 December 2016

	2016 €000	2015 €000
(Loss)/Profit for the financial year	(5)	193
Total recognised gains and losses in the year	(5)	193

Statement of Financial Position

at 31 December 2016

	Notes	2016 €000	2015 €000
Current assets			
Debtors due within one year	10	3,280	5,278
		<u>3,280</u>	<u>5,278</u>
Creditors: amounts falling due within one year	11	(67)	(2,060)
Net current assets		<u>3,213</u>	<u>3,218</u>
Total assets less current liabilities		<u>3,213</u>	<u>3,218</u>
		<u>3,213</u>	<u>3,218</u>
Net assets		<u>3,213</u>	<u>3,218</u>
Capital and reserves			
Called up share capital	12	291	291
Profit and loss account		<u>2,922</u>	<u>2,927</u>
Shareholders' funds		<u>3,213</u>	<u>3,218</u>

The financial statements were approved by the Board on 21 February 2017 and were signed on its behalf by:



P J Hunter

Director

Registered no: 766251

Statement of changes in equity

For the year ended 31 December 2016

	Share capital €000	Retained earnings €000	Total Equity €000
At 1 January 2015	9,631	291,750	301,381
Profit for the financial year	-	193	193
Gain on share capital reduction	-	984	984
Dividends paid out	-	(290,000)	(290,000)
Share Capital reduction	(9,340)	-	(9,340)
At 1 January 2016	291	2,927	3,218
(Loss) for the financial year	-	(5)	(5)
At 31 December 2016	291	2,922	3,213

Notes to the financial statements

at 31 December 2016

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of New Holland Tractor Limited (the "Company") for the period ended 31 December 2016 were authorised for issue by the board of directors on 21 February 2017 and the balance sheet was signed on the board's behalf by Paul Hunter. New Holland Tractor Limited is incorporated and domiciled in England and Wales.

The company is a qualifying Entity for the purposes of FRS101

The Company has adopted Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Euro and all values are rounded to the nearest thousand Euros (€000) except when otherwise indicated.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of CNH Industrial N.V which prepares group account which are available from The Company Secretary, Cranes farm Road, Basildon, Essex, SS14 3AD UK.

The principal accounting policies adopted by the Company are set out in note 2.

Going Concern

The directors have received notice from CNH Industrial NV that they will support the operational needs of New Holland Tractor Limited for twelve months following the date of signing these financial statements in order to allow it to meet its liabilities as and when they fall due unless circumstances change in a manner such as it would or might no longer be open for them to provide such financial support.

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

2. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and in compliance with the Companies Act 2006.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 7 Statement of Cash Flows
- (b) The requirements of paragraph 17 of IAS 24 Related Party Disclosures
- (c) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Foreign currency

The Company's financial statements are presented in euro, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Trade debtors

Trade debtors represent the gross amount of unpaid debts to the company less amounts factored without recourse and other similar advances.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided using the straight-line method on the original cost or valuation of categories of tangible assets at rates appropriate to write off the costs of the assets over their expected useful lives as follows:

Freehold land	-	nil
Freehold buildings	-	20-33 years
Plant, machinery and other equipment	-	4-10 years
Special tools	-	4 years

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

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost consists of direct material and labour costs together with an appropriate proportion of factory overheads based on normal levels of activity and is stated on a first-in first-out basis. Net realisable value is based on estimated selling price less further costs expected. Provision is made for obsolete, slow-moving or defective items where appropriate.

Deferred taxation

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

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

Transactions in foreign currencies are translated into Euros at rates ruling on the dates of the transactions or at contracted forward rates of exchange where applicable.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euros at the rates of exchange prevailing at that date or contracted forward rates of exchange where applicable. Exchange differences are taken to the profit and loss account and are included in other income.

3. Turnover

Turnover represents sales invoiced to customers net of sales tax. The company operates in the agricultural industry in Belgium. All turnover and profit before tax originates in Belgium and is attributable to the manufacture and assembly of tractor components that are considered by the directors to constitute a single class of business.

4. Operating Profit

This is stated after charging/(crediting):

	2016 €000	2015 €000
Fees payable to the company's auditor for the audit of the company's annual financial statements	-	22
Other Operating expenses		
- Exchange losses	-	3
During the year the annual audit cost was borne by CNH Industrial NV		
Other Operating Income		
- Release of prior year accruals	114	-

5. Directors' remuneration

No remuneration (2015 – €nil) were paid to any director during the year in respect of qualifying services. The remuneration of the director was borne by another group company.

No director had any interest in the shares or debentures of other group undertakings.

No director accrued retirement benefits under money purchases schemes or defined benefit schemes.

6. Staff costs

	2016 €000	2015 €000
Wages and salaries	-	-
Employer's social security	-	-
Pension costs	-	-

The average monthly number of employees during the year was made up as follows:

	No.	No.
Hourly paid	-	-
Salaried employees:		
- Management	-	-
- Other	-	-

7. Interest receivable and similar income

	2016 €000	2015 €000
Interest receivable from group companies	1	273

8. Interest payable and similar charges

	2016 €000	2015 €000
Bank interest payable and similar charges	-	(5)
Interest Payable on overdue tax liability	(12)	-
Interest payable and similar charges	(12)	(5)

9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016 €000	2015 €000
Current tax:		
Corporation tax	21	50
Prior Year Adjustment	(7)	-
Total current tax	14	50
Foreign Tax		
Prior Year Adjustment	88	-
Tax on profit on ordinary activities (note 9(b))	102	50

(b) Factors affecting the current tax payable for the year

The tax assessed for the year differs from the standard rate of corporation tax of 20% (2015 – 33.99%).

The differences are explained below:

	2016 €000	2015 €000
Profit on ordinary activities before tax	97	243
Tax on profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2015 – 33.99% Tax in Belgium)	19	50
Effects of:		
Expenses not deductible for tax purposes	2	-
Foreign Tax Suffered	88	-
Prior Year Adjustment	(7)	-
Overall tax charge	102	50

Tax (Continued)

Change in corporation tax rate:

The Finance Act 2015 provides for the main rate of corporation tax to be reduced from 18% to 17% from 1 April 2020.

The 17% rate had been substantively enacted at the Balance Sheet date and accordingly this rate has been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2016.

10. Debtors

	2016 €000	2015 €000
<i>Due within one year:</i>		
Amounts held in group treasury	3,279	5,277
Other debtors	1	1
	<u>3,280</u>	<u>5,278</u>

Amounts held in group treasury represents cash balances held in a group treasury function which is readily convertible to cash in this company. This forms part of a cash pooling arrangement on which interest is paid in accordance with daily rates as defined by CNH Industrial Finance, the custodian and sister company of New Holland Tractor Limited.

11. Creditors: amounts falling due within one year

	2016 €000	2015 €000
Other taxes and social security costs	63	2,038
Accruals	4	22
	<u>67</u>	<u>2,060</u>

12. Issued share capital

	No.	2016 €000	No.	2015 €000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each				
Translated at a rate of €1.58 per £1	184,100	<u>291</u>	184,100	<u>291</u>

On 30th November 2015 the directors agreed to reduce the Issued and fully paid up Share Capital by 5,900,000 shares at a £1 sterling per share, this equating to €9,340,000

The decision was taken in order to better reflect the capital requirements of the business in the foreseeable future, given its reduced ongoing trade

13. Related party transactions

The company has taken advantage of the exemption not to disclose transactions with other group companies as they are 100% owned within the group and the consolidated financial statements are publically available.

14. Ultimate parent undertaking and controlling party

For the year ended 31 December 2016, the directors regard CNH Industrial N.V., a company incorporated in the Netherlands, as the ultimate parent undertaking and controlling party.

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

Once signed and approved, copies of the 2016 financial statements of CNH Industrial Group will be available at the Corporate Offices of CNH Industrial N.V., 25 St James Street, London SW1A 1HA and also on the CNH Industrial Company website cnhindustrial.com.