Kverneland Devizes Limited

Annual Report and Accounts

for the year ended 31 December 2013

Registered Number 2590619

Kverneland Devizes Limited

Annual Report and Accounts
for the year ended 31 December 2013

Contents

Kverneland Devizes Limited

Directors and Advisors

Director
J Bell

Secretary
J Raeburn

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Registered Number
2590619

Kverneland Devizes Limited

Strategic report for the year ended 31 December 2013

The director presents his strategic report for the year ended 31 December 2013.

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 2012 continued throughout 2013, lower sales of vertical-mixer products was equalized with self-propelled mixers sales. The director is 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.

Principal risks and uncertainties
The management of the business and the execution of the company's strategy are subject to a number of risks. 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.

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 16 and 17 for further details.

By order of the Board

J. Raeburn

J Raeburn
Secretary

28 May 2014

Kverneland Devizes Limited

Director's report for the year ended 31 December 2013

The director presents his report and the audited financial statements for the year ended 31 December 2013.

Director and his interests
The director who held office during the year was as follows:

J Bell

The director 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 profit of £257,060 (2012 restated: £15,000) for the year and sales of £7,163,824 (2012: £7,146,805). The company has net assets of £2,705,000 (2012 restated: £2,258,000).

The directors do not propose a dividend for the year (2012: £Nil).

The prior year financial statements have been restated to reflect the change in accounting policy on adoption of IAS 19 revised (Employee benefits) as of 1 January 2013.

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

Statement of directors' responsibilities
The director is responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless he is 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 director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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 director is 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.

Director's report for the year ended 31 December 2013 (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 director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- He has taken all the steps that he ought to have taken as a director in order to make himself 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.

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

J Raeburn
Secretary
28 May 2014

Independent auditors' report to the members of Kverneland Devizes Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit 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

The financial statements, which are prepared by Kverneland Devizes Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Cash Flow Statement 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 their preparation 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts (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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's 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 Kverneland Devizes Limited (continued)

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.

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 director is 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 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.

PChr

Paul Christian (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Liverpool
28 May 2014

Kverneland Devizes Limited

Statement of comprehensive income for the year ended 31 December 2013

	Note	2013 £'000	2012 Restated £'000
Revenue		**7,164**	7,147
Cost of sales		**(6,254)**	(6,315)
Gross profit		**910**	832
Distribution costs		**(168)**	(260)
Administrative expenses		**(466)**	(477)
Operating profit	1	**276**	95
Interest expense	4	**(88)**	(167)
Interest income	4	**69**	87
Profit on ordinary activities before taxation		**257**	15
Taxation	6	**(168)**	(96)
Profit / (loss) for the year		**89**	(81)
Other comprehensive income:			
Foreign exchange gain / (loss)		**97**	**(75)**
Defined benefit pension actuarial gains (net of tax)		**261**	**231**
Total comprehensive income		**447**	**75**

Statement of changes in equity for the year ended 31 December 2013

	Share capital £'000	Translation reserve £'000	Profit and loss reserve £'000	Total £'000
At 1 January 2012 as previously stated	5,300	240	(2,393)	3,147
Prior year adjustment on adoption of IAS 19R	-	-	(964)	(964)
At 1 January 2012 (Restated)	5,300	240	(3,357)	2,183
Other comprehensive income - Exchange adjustment	-	(75)	-	(75)
Other comprehensive income - Actuarial gains (net of tax) (Restated)	-	-	231	231
(Loss) for the year	-	-	(81)	(81)
At 31 December 2012 (Restated)	**5,300**	**165**	**(3,207)**	**2,258**
At 1 January 2013 (Restated)	5,300	165	(3,207)	2,258
Other comprehensive income – Exchange adjustment	-	97	-	97
Other comprehensive income - Actuarial gains (net of tax)	-	-	261	261
Profit for the year	-	-	89	89
At 31 December 2013	**5,300**	**262**	**(2,857)**	**2,705**

Kverneland Devizes Limited

Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 Restated £'000
Assets			
Non-current assets			
Intangible assets	7(b)	**-**	7
Property, plant and equipment	7(a)	**-**	5
Deferred tax asset	6	**217**	345
		217	357
Current assets			
Inventories	8	**140**	384
Trade and other receivables	9	**1,428**	1,852
Cash		**3,208**	2,398
		4,776	4,634
Liabilities			
Current liabilities			
Trade and other payables	10	**(1,178)**	(1,153)
		(1,178)	(1,153)
Net current assets		**3,598**	3,481
Non-current liabilities			
Provisions	11	**(1,110)**	(1,580)
Net assets		**2,705**	2,258
Shareholders' equity			
Ordinary shares	12	**5,300**	5,300
Translation reserve		**262**	165
Profit and loss reserve		**(2,857)**	(3,207)
Total equity		**2,705**	2,258

The financial statements on pages 7 to 24 were approved by the board of directors on 28 May 2014 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 2013

	2013 £'000	2012 £'000
Cash flows from operating activities		
Net profit before taxation	257	15
Adjustments for:		
Interest expense	88	167
Interest income	(69)	(87)
Depreciation and amortisation	12	77
(Increase) / decrease in trade and other receivables	423	(567)
Decrease/ (increase) in inventories	244	38
(Decrease) / increase in payables	60	(408)
Increase in other provisions	(55)	20
Pension cost (less than) pension payments	(90)	(59)
Cash flow generated from operating activities	870	(804)
Interest paid	(88)	(167)
Interest received	69	87
Income taxation paid	(103)	(133)
Net cash (used in) / generated from operating activities	748	(1,017)
Cash flows from investing activities		
Expenditure on intangible fixed assets	-	-
Expenditure on tangible fixed assets	-	-
Net cash used in investing activities	-	-
Effects of exchange rate changes	62	(74)
Net (decrease) / increase in cash	810	(1,091)
Cash at 1 January	2,398	3,489
Cash at 31 December	3,208	2,398

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.

Change in accounting policy (adoption of IAS 19R)
Under IAS 19R the interest cost on the defined benefit obligation, and the expected rate of return on plan assets, has been replaced with a net interest charge that is calculated by applying the discount rate to the net defined benefit liability. In addition, administration expenses must be charged to the income statement.
The impact of this change on the prior year is an increase in pension liabilities of £1,066,000, an increase in total comprehensive income (net of tax) of £231,000, an increase in deferred tax assets of £248,000 and a reduction in retained earnings of £818,000. The impact on opening retained earnings in the prior year is a reduction of £964,000.

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 as follows:

Plant and machinery 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 is capitalised and amortised over a period of 5 years from the date that production commences.

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.

Accounting policies (continued)

Employee benefits (continued)
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.

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 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.

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..

Notes to the financial statements for the year ended 31 December 2013

1 Operating profit

	2013 £'000	2012 £'000
Operating profit is stated after charging		
Employee costs (note 3)	**1,041**	970
Cost of inventories recognised as an expense	**5,097**	5,330
Depreciation – owned assets	**5**	4
Amortisation	**7**	73
Research and development		
Auditors' remuneration		
- Fees payable for the audit	**7**	9

2 Directors and key management

The director did not receive any remuneration in respect of his services to the company in respect of the current or the previous year. The remuneration he receives in that role is borne by another group company. Retirement benefits are accruing to one director (2012: one) under a defined contribution scheme. There are no other key management employed by the company other than the director.

Notes to the financial statements for the year ended 31 December 2013 (continued)

3 Employee costs

	2013 £'000	2012 Restated £'000
Wages and salaries	1,006	938
Social security costs	8	7
Other pension	27	25
Staff costs	**1,041**	970

The average weekly number of employees during the year was:

	2013 Number	2012 Number
Staff	5	5
Operatives	18	17
	23	22

4 Finance income / (expense) - net

	2013 £'000	2012 Restated £'000
Interest payable on bank overdraft	(27)	(85)
Net finance cost in respect of defined benefit pension scheme	(61)	(82)
Interest income on bank deposit	69	87
Finance income / (expense) – net	(19)	(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 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.

Notes to the financial statements for the year ended 31 December 2013 (continued)

5 Financial instruments and risk management (continued)

Interest risk
The company is exposed to interest 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 2013.

6 Taxation

Analysis of charge/(credit) in year:

	2013 **£'000**	2012 Restated £'000
Current tax		
Current year	**-**	-
Overseas tax	**105**	38
	105	38
Deferred tax		
Deferred tax	**55**	52
Change in tax rates	**8**	6
	63	58
Taxation	**168**	96

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 **£'000**	2012 Restated £'000
Profit on ordinary activities before tax	**257**	15
Profit on ordinary activities multiplied by standard rate of 23.25 % (2012: 24.5%)	**60**	4
Effects of:		
Overseas tax	**110**	38
Timing differences for which no deferred tax asset was recognised	**(10)**	48
Change in tax rate	**8**	6
Total taxation	**168**	96

Notes to the financial statements for the year ended 31 December 2013 (continued)

6 Taxation (continued)

Recognised deferred tax asset comprises:	**2013** **£'000**	2012 Restated £'000
Pensions	**217**	345
Net deferred tax asset	**217**	345
Movement in the deferred tax asset recognised relates to:		
At 1 January	**345**	461
Recognised in the income statement	**(63)**	(58)
Recognised in other comprehensive income	**(65)**	(58)
At 31 December	**217**	345
Unrecognised deferred tax assets comprise:		
Tax losses carry forward	**724**	721
Accelerated capital allowances	**34**	27
Net deferred tax assets	**758**	748

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.

Notes to the financial statements for the year ended 31 December 2013 (continued)

7(a) Property, plant and equipment

	Plant and machinery
	£'000
Cost at 31 December 2013 and 1 January 2013	**106**
Depreciation	
At 1 January 2013	101
Charge for the year	5
At 31 December 2013	**106**
Net book value	
At 31 December 2013	**-**
At 31 December 2012	5

7(b) Intangible Assets

	Research & Development
	£'000
Cost at 31 December 2013 and 1 January 2013	**428**
Amortisation	
At 1 January 2013	421
Charge for year	7
At 31 December 2013	**428**
Net book value	
At 31 December 2013	**-**
At 31 December 2012	7

Notes to the financial statements for the year ended 31 December 2013 (continued)

8 Inventories

	2013 £'000	2012 £'000
Raw materials and consumables	**5**	5
Work in progress	**49**	186
Finished goods and goods for resale	**86**	193
	140	384

9 Trade and other receivables - current

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade receivables	**-**	1
Fellow subsidiary undertakings – Trade (Note 13)	**1,391**	1,723
Other receivables	**37**	128
	1,428	1,852

10 Trade and other payables - current

	2013 £'000	2012 £'000
Trade payables	**473**	556
Fellow subsidiary undertakings – Trade (Note 13)	**504**	228
Corporation tax payable	**54**	57
Other payables and accruals	**147**	312
	1,178	1,153

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Provisions

	2013 £'000	2012 Restated £'000
Warranty provision	**31**	86
Defined benefit pension provision	**1,079**	1,494
At 31 December 2013	**1,110**	1,580

Warranty provision
The provision represents warranties that may be claimed in relation to sales made on or before 31 December 2013. 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.

Economic assumptions (%)	2013	2012
Discount rate	**4.5**	4.3
Inflation	**2.9**	2.2
Expected annual increase of pension payments	**2.9**	2.9
Expected rate of increase in salaries	**2.9**	2.9

Net Pension cost	2013 £'000	2012 Restated £'000
Current service cost	**13**	11
Interest cost on pension obligations	**329**	346
Return on pension funds	**(268)**	(264)
Expenses	**34**	38
Net pension cost	**108**	131

Reconciliation of financial status	2013 £'000	2012 Restated £'000
Present value of funded obligations	**8,382**	7,809
Fair value of plan assets	**(7,303)**	(6,315)
Net liability	**1,079**	1,494

The analysis of the plan assets is as follows:

	2013 £'000	2012 £'000
Equities	**5,477**	4,736
Bonds	**1,826**	1,579
	7,303	6,315

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Provisions for liabilities and charges (continued)

Pension provision (continued)

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

	2013 £'000	2012 Restated £'000
Beginning of the year	7,809	7,473
Current service cost	13	11
Interest cost	329	346
Member contributions	7	7
Benefits paid	(330)	(230)
Actuarial losses	554	202
End of the year	8,382	7,809

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

	2013 £'000	2012 Restated £'000
Beginning of the year	6,315	5,630
Interest income on assets	268	264
Employer contributions	196	192
Member contributions	7	7
Benefits paid	(330)	(230)
Expenses	(34)	(39)
Actuarial gains	880	491
End of the year	7,303	6,315

The actual return on plan assets is as follows:

	2013 £'000	2012 Restated £'000
Interest income on assets	268	264
Actuarial gains	880	491
End of the year	1,148	755

The movement in the net liability over the year is as follows:	2013 £'000	2012 Restated £'000
Beginning of the year	1,494	1,843
Total expense in the income statement	107	132
Contributions paid	(196)	(192)
Actuarial gains	(326)	(289)
End of the year	1,079	1,494

Sensitivity analysis – impact on change in funded obligations at 31 December 2013

Increase / decrease discount rate by +/- 0.5%	+10% / -9%
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%

Notes to the financial statements for the year ended 31 December 2013 (continued)

11 Provisions for liabilities and charges (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).

	2013 £'000	2012 £'000
Pension cost – contribution plan	**10**	14

12 Called up share capital

	2013 £'000	2012 £'000
Authorised		
5,300,000 ordinary shares of £1 each	**5,300**	5,300
Allotted, called up and fully paid		
5,300,000 ordinary shares of £1 each	**5,300**	5,300

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	2,023	56
Kverneland (Ireland) Limited	296	-
Kverneland Group France	1,402	-
Kverneland Group CIS	199	-
Kverneland Group Kerteminde	-	136
Kverneland Group Benelux	363	-
Kverneland Group Deutschland	180	-
Kverneland Group Danmark	312	-
Kverneland Group Sverige	681	-
Kverneland Group Metz	101	-
Kverneland Group Inter	199	2
Kverneland Group Polska	217	-
Parts Warehouse UK	160	-
Other fellow subsidiaries	53	41
	6,186	**235**

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

	Receivable £'000	Payable £'000
Kverneland Group (UK) Limited	385	9
Kverneland (Ireland) Limited	280	-
Kverneland Group Inter	220	2
Kverneland Group Kerteminde	-	465
Kverneland Group France	235	8
Other fellow subsidiaries	272	21
	1,391	**504**

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.