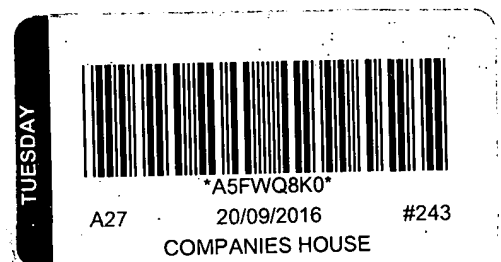


Company Registration No. 2521081 (England and Wales)

**AGCO FINANCE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**



# AGCO FINANCE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr S Jones	(Appointed 26 March 2015)
	Mr D Hullis	(Appointed 26 March 2015)
	Mr M Casement	(Appointed 21 September 2015)
<b>Secretary</b>	Mrs J Kortz	
<b>Company number</b>	2521081	
<b>Registered office</b>	Building 7 Croxley Green Business Park Watford Hertfordshire United Kingdom WD18 8YN	
<b>Auditors</b>	KPMG LLP 100 Temple Street Bristol BS1 6AG	
<b>Bankers</b>	National Westminster Bank 24 Boradgate Coventry CV1 1ZZ	

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# AGCO FINANCE LIMITED

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# **AGCO FINANCE LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present the strategic report and financial statements for the year ended 31 December 2015.

#### **Fair review of the business**

The Company represents a joint venture between its two shareholders, AGCO International and DLL.

The Company's main objective is to maximise the return to its shareholders whilst providing the highest level of services to AGCO's dealer network and customer base.

The Company provides two principal services:

- Wholesale finance - providing short-term inventory finance to AGCO's dealer network
- Retail finance - providing hire purchase and other leasing products to AGCO's customers

The results for the year are set on page 7 and the Company's financial position is set out in the Balance sheet on page 8.

#### **Credit Risk**

The agricultural equipment market in the UK is stable and historically has not been subject to significant fluctuations. Notwithstanding this, the Company's success is dependent on the financial strength of its customers and their ability to respond to changes in the market. If customers experience financial difficulties, this may result in repayment defaults, rescheduling or early terminations of agreements.

This risk is mitigated by having a broad spectrum of customers, pre-acceptance credit checks, active review and management of portfolio arrears, and beyond this a very active used machinery market.

#### **Liquidity Risk**

Liquidity risk is the risk of the business not being able to convert a security or hard asset into cash quickly. It is mitigated by having a very active used machinery market, active portfolio management and a rigorous pre-deal credit process. In addition, intercompany funding is available to fund any cash shortfalls arising.

#### **Political Risk and Brexit**

On 23rd June 2016, the UK voted in a referendum to leave the EU, so-called "Brexit".

Management do not envisage that Brexit will impact on the company's ability to trade as a going concern.

To date there has been no short term impact on volumes and/or arrears levels. However EU funding is important to the farming sector and as such management will continue to monitor and assess the medium/long term impact on the Company's customer base.

#### **Interest Rate Risk**

The Company is subject to financial and commercial interest rate risks. The Company prefunds a large percentage of predicted new business with fixed rate loans. This then allows the customer interest rate to track the Company's own borrowing costs.

# **AGCO FINANCE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

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### **Performance**

Performance for the year exceeded budget but was below 2014. Profit after tax was £7million (2014: £7.5million) which facilitated a dividend to shareholders of £6.6million (2014: £5.2million).

The retail portfolio (classified in the accounts as "Finance lease receivable") increased from £250million to £256million reflecting strong new business performance during the year plus a trend for deals to be for a longer period.

The Directors consider that the Company's financial position at the end of the year will enable it to continue to achieve its objectives in 2016 and beyond.

On behalf of the board



Mr S Jones

**Director**

5 September 2016

# AGCO FINANCE LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

The directors present their annual report and financial statements for the year ended 31 December 2015.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Hammond	(Resigned 21 September 2015)
Mr J Rawlings	(Resigned 26 March 2015)
Mr S Jones	(Appointed 26 March 2015)
Mr D Hullis	(Appointed 26 March 2015)
Mr M Casement	(Appointed 21 September 2015)

### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £6.6million. The directors do not recommend payment of a final dividend.

### Auditors

The present auditor KPMG LLP is resigning to be replaced by PwC for the period beginning 1 January 2016.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr S Jones

**Director**

5 September 2016

# **AGCO FINANCE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

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 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.

# **AGCO FINANCE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF AGCO FINANCE LIMITED**

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We have audited the financial statements of AGCO Finance Limited for the year ended 31 December 2015 set out in pages 7 to 29.

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 auditors**

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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters 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.



# **AGCO FINANCE LIMITED**

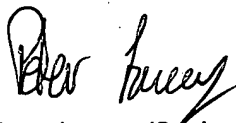
## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF AGCO FINANCE LIMITED**

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### **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.



**Peter Lomax (Senior Statutory Auditor)**  
for and on behalf of

9 September 2016

**KPMG LLP, Statutory Auditor  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG**

# AGCO FINANCE LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £k	2014 £k
Turnover	3	19,137	19,690
Cost of sales		(6,081)	(6,161)
<b>Gross profit</b>		<b>13,056</b>	<b>13,529</b>
Administrative expenses		(4,178)	(4,090)
<b>Profit before taxation</b>		<b>8,878</b>	<b>9,439</b>
Taxation	8	(1,834)	(1,967)
<b>Profit for the financial year</b>		<b>7,044</b>	<b>7,472</b>
<b>Total comprehensive income for the year</b>		<b>7,044</b>	<b>7,472</b>

The notes on pages 11 to 29 are an integral part of these financial statements.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# AGCO FINANCE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £k	£k	2014 £k	£k
<b>Non current assets</b>					
Tangible assets	10		-		161
<b>Current assets</b>					
Debtors falling due after one year	13	162,682		160,048	
Debtors falling due within one year	13	192,498		208,495	
Cash at bank and in hand		93		90	
		<u>355,273</u>		<u>368,633</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(136,755)</u>		<u>(178,730)</u>	
Net current assets			218,518		189,903
<b>Total assets less current liabilities</b>			218,518		190,064
<b>Creditors: amounts falling due after more than one year</b>	15		(188,927)		(160,917)
<b>Net assets</b>			<u>29,591</u>		<u>29,147</u>
<b>Capital and reserves</b>					
Called up share capital	19		6,000		6,000
Profit and loss reserves			23,591		23,147
<b>Total equity</b>			<u>29,591</u>		<u>29,147</u>

The notes on pages 11 to 29 are an integral part of these financial statements

The financial statements were approved by the board of directors and authorised for issue on 5 September 2016 and are signed on its behalf by:



Mr S Jones  
Director

Company Registration No. 2521081

# AGCO FINANCE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £k	Profit and loss reserves £k	Total £k
<b>Balance at 1 January 2014</b>		6,000	20,875	26,875
<b>Period ended 31 December 2014:</b>				
Total comprehensive income for the year		-	7,472	7,472
Dividends paid	9	-	(5,200)	(5,200)
<b>Balance at 31 December 2014</b>		6,000	23,147	29,147
<b>Period ended 31 December 2015:</b>				
Total comprehensive income for the year		-	7,044	7,044
Dividends paid	9	-	(6,600)	(6,600)
<b>Balance at 31 December 2015</b>		6,000	23,591	29,591

The notes on pages 11 to 29 are an integral part of these financial statements

# AGCO FINANCE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £k	£k	2014 £k	£k
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	25		22,040		(2,056)
Income taxes paid			(2,178)		(2,390)
<b>Net cash inflow/(outflow) from operating activities</b>			<u>19,862</u>		<u>(4,446)</u>
<b>Cash flows from financing activities</b>					
(Repayment)/Withdrawal of bank loans		(13,219)		9,731	
Dividends paid		(6,600)		(5,200)	
<b>Net cash (used in)/generated from financing activities</b>			<u>(19,819)</u>		<u>4,531</u>
<b>Net increase in cash and cash equivalents</b>			<u>43</u>		<u>85</u>
Cash and cash equivalents at beginning of year			(996)		(1,081)
<b>Cash and cash equivalents at end of year</b>			<u>(953)</u>		<u>(996)</u>
<b>Relating to:</b>					
Cash at bank and in hand			93		90
Bank overdrafts included in creditors payable within one year			<u>(1,046)</u>		<u>(1,086)</u>

The notes on pages 11 to 29 are an integral part of these financial statements

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

#### Company information

AGCO Finance Limited is a company limited by shares incorporated in England and Wales. The registered office is Building 7, Croxley Green Business Park, Watford, Hertfordshire, United Kingdom, WD18 8YN.

#### 1.1 Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

#### Transition to FRS 101

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 25.

The Company's ultimate parent undertaking, Rabobank Nederland includes the Company in its consolidated financial statements. The consolidated financial statements of Rabobank Nederland are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Croeselann 18, Postbus 17100, 3500 HG Utrecht, The Netherlands.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Rabobank Nederland include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable and represents amounts receivable from finance leases, operating leases and hire purchase agreements provided in the normal course of business, and is shown net of VAT and other sales related taxes. The gross earnings under finance leases are allocated so as to give a constant rate of return on the company's net cash investment in the lease. Rental income (less discounts granted to lessees) from operating leases is recognised on a straight line basis over the term of the lease.

#### 1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Fixtures, fittings & equipment	33%
Other assets	20%

Assets leased out under operating leases are stated at cost less accumulated depreciation and any provision for impairment. Depreciation on such assets is provided on a straight line basis to amortise the cost of the asset to its estimated residual value at the end of its useful economic life.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### 1.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### 1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

##### Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b. where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

##### **Basic financial assets**

###### **Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

###### **Debtors**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

###### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.



# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### **Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax.

#### **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

#### **Deferred tax**

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.10 Retirement benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by the employees.

#### 1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of leases.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 3 Turnover

An analysis of the company's turnover is as follows:

	2015 £k	2014 £k
<b>Turnover</b>		
Finance lease interest income	1,756	1,693
Hire purchase interest income	13,541	13,913
Operating lease income	5	137
Inventory finance income	1,880	1,948
Other income	1,955	1,999
	<u>19,137</u>	<u>19,690</u>

#### Turnover analysed by geographical market

	2015 £k	2014 £k
United Kingdom	<u>19,137</u>	<u>19,690</u>

### 4 Cost of Sales

Included in cost of sales are the following:

	2015 £k	2014 £k
Interest payable on bank overdrafts and loans	5,464	5,616
Other interest receivable	(347)	(455)

The interest payable on bank loans and overdrafts above principally relates to payments to the ultimate parent undertaking.

### 5 Operating profit

	2015 £k	2014 £k
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	36	26
Depreciation of owned tangible fixed assets	22	101
Operating lease charges	<u>94</u>	<u>128</u>

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Sales	13	15
Admin	21	19
	<u>34</u>	<u>34</u>

Their aggregate remuneration comprised:

	2015 £k	2014 £k
Wages and salaries	1,896	1,779
Social security costs	146	151
Pension costs	155	156
	<u>2,197</u>	<u>2,086</u>

### 7 Directors' remuneration

	2015 £k	2014 £k
Remuneration for qualifying services	178	164
Company pension contributions to defined contribution schemes	17	20
	<u>195</u>	<u>184</u>

Included in director's emoluments is an amount attributable to the highest paid director of £102,093 (2014: £164,249). The company's contribution to the individual defined contribution scheme of the highest paid director was £6,362 (2014: £19,581) during the current year.

### 8 Taxation

	2015 £k	2014 £k
<b>Current tax</b>		
UK corporation tax on profits for the current period	<u>1,834</u>	<u>1,967</u>

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 8 Taxation

(Continued)

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £k	2014 £k
Profit before taxation	8,878	9,439
Expected tax charge based on the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	1,798	2,029
Effect of reduction in corporation tax rate on deferred tax	47	3
Permanent timing differences	(3)	5
Adjustments in respect of prior periods	(8)	(70)
Tax expense for the year	1,834	1,967

#### *Factors that may affect future current and total tax charges*

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and a further reduction to 18% (effective from 1 April 2020) were substantially enacted on 8 July 2015. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on an average rate of 19%.

### 9 Dividends

	2015 £k	2014 £k
Final paid	6,600	5,200
	6,600	5,200

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 10 Tangible fixed assets

	Fixtures, fittings & equipment £k	Operating lease agreements £k	Total £k
<b>Cost</b>			
At 1 January 2015	63	450	513
Disposals	(6)	(450)	(456)
At 31 December 2015	57	-	57
<b>Depreciation and impairment</b>			
At 1 January 2015	63	289	352
Depreciation charged in the year	-	22	22
Eliminated in respect of disposals	(6)	(311)	(317)
At 31 December 2015	57	-	57
<b>Carrying amount</b>			
At 31 December 2015	-	-	-
At 31 December 2014	-	161	161

### 11 Financial instruments

	2015 £k	2014 £k
<b>Carrying amount of financial assets</b>		
Finance lease and other receivables measured at amortised cost	352,198	363,580
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	325,004	338,574

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 12 Finance lease receivables

	2015 £k	2014 £k
Gross amounts receivable under finance leases:		
Within one year	123,512	123,524
In two to five years	156,302	151,556
In over five years	1,166	749
	<u>280,980</u>	<u>275,829</u>
Unearned finance income	(25,098)	(25,595)
	<u>255,882</u>	<u>250,234</u>
Present value of minimum lease payments receivable		
The present value is receivable as follows:		
Within one year	99,716	100,001
In two to five years	155,034	149,508
In over five years	1,132	725
	<u>255,882</u>	<u>250,234</u>

#### Analysis of finance leases

The company enters into financial leasing arrangements for customers of AGCO dealers so they can acquire capital equipment. The average term of finance leases entered into is 43 months (2014: 42).

### 13 Debtors

	2015 £k	2014 £k
Amounts falling due within one year:		
Amount due from parent undertaking	6,020	5,131
Amounts due from fellow group undertakings	670	568
Finance leases receivable	99,716	100,001
Other debtors	86,049	102,759
Prepayments and accrued income	43	36
	<u>192,498</u>	<u>208,495</u>
Amounts falling due after one year:		
Amount due from parent undertaking	5,630	8,877
Finance leases receivable	156,166	150,233
	<u>161,796</u>	<u>159,110</u>
Deferred tax asset (note 17)	886	938
	<u>162,682</u>	<u>160,048</u>
Total debtors	<u>355,180</u>	<u>368,543</u>

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 14 Creditors: amounts falling due within one year

	Notes	2015 £k	2014 £k
Loans and overdrafts	16	134,442	175,711
Trade creditors		60	117
Amount due to parent undertaking		5	3
Corporation tax		636	1,032
Other taxation and social security		42	41
Other creditors		445	810
Accruals and deferred income		1,125	1,016
		<u>136,755</u>	<u>178,730</u>

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

	Notes	2015 £k	2014 £k
Loans and overdrafts	16	<u>188,927</u>	<u>160,917</u>

### 16 Loans and overdrafts

	2015 £k	2014 £k
Bank loans	322,323	335,542
Bank overdrafts	1,046	1,086
	<u>323,369</u>	<u>336,628</u>
Payable within one year	134,442	175,711
Payable after one year	<u>188,927</u>	<u>160,917</u>

The amounts due in respect of bank loans above are due to the ultimate parent and fellow subsidiary undertakings and bear commercial rates of interest.



# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2015 £k	Assets 2014 £k
<b>Balances:</b>		
Accelerated capital allowances	752	826
Other temporary differences	134	112
	<u>886</u>	<u>938</u>
<b>Movements in the year:</b>		<b>2015 £k</b>
Liability/(Asset) at 1 January 2015		(938)
Charge to profit or loss		52
Liability/(Asset) at 31 December 2015		<u>(886)</u>

### 18 Retirement benefit schemes

#### Defined contribution schemes

The company operates a defined contribution pension scheme and makes defined contributions to a corporate personal pension scheme for all qualifying employees. The contributions to the scheme are made when due and charged to the profit and loss account in the same period.

The charge to profit and loss in respect of defined contribution schemes was £154,601 (2014: £155,603).

### 19 Share capital

	2015 £k	2014 £k
<b>Ordinary share capital</b>		
<b>Authorised</b>		
"A" ordinary shares of £1 each	5,100	5,100
"B" ordinary shares of £1 each	4,900	4,900
	<u>10,000</u>	<u>10,000</u>
<b>Issued and fully paid</b>		
3,060,000 "A" ordinary shares of £1 each	3,060	3,060
2,940,000 "B" ordinary shares of £1 each	2,940	2,940
	<u>6,000</u>	<u>6,000</u>

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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### 20 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £k	2014 £k
Within one year	46	66
Between two and five years	56	45
	<u>102</u>	<u>111</u>

### 21 Capital commitments

The Company had no contracted capital commitments at either 31 December 2015 or 31 December 2014.

### 22 Events after the reporting date

There have been no events since the balance sheet date which necessitate the revision of the financial statements.

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 23 Related party transactions

#### Transactions with related parties

	Interest charged on finance provided by Rabobank and fellow subs		Amount paid to AGCO principally in respect of wholesale financing	
	2015 £k	2014 £k	2015 £k	2014 £k
Entities with control, joint control or significant influence over the company	5,464	5,616	249,630	284,814
	<u>5,464</u>	<u>5,616</u>	<u>249,630</u>	<u>284,814</u>

The amounts paid to AGCO Limited were in respect of wholesale financing to AGCO dealerships.

During the year the company received interest of £347,325 (2014: £455,322) from Rabobank and fellow subsidiaries.

The company received administration income of £662,035 (2014: £587,627) from AGCO Finance Limited, a company registered in Ireland, with a similar share ownership. At the year end, an amount of £670,396 (2014: £567,741) was owed to the company in respect of administration charges.

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2015 £k	2014 £k
Rabobank and fellow subsidiaries	5	3
	<u>5</u>	<u>3</u>

The company also has amounts outstanding on bank loans due to the ultimate parent and fellow subsidiary undertakings (see note 15).

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 23 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2015 £k	2014 £k
Rabobank and fellow subsidiaries	11,650	14,008
	<u>11,650</u>	<u>14,008</u>

(a) Rabobank Nederland is the trading name of the ultimate parent company.

(b) AGCO Limited is a subsidiary undertaking of AGCO International Limited. At 31 December 2015, AGCO International Limited held "B" ordinary shares representing its aggregate 49% of the total issued share capital of the company.

### 24 Controlling party

#### Parent company

The immediate parent company is De Lage Landen Leasing Limited which owns the "A" ordinary shares representing in aggregate 51% of the total issued share capital of the company.

Rabobank Nederland is the ultimate parent company and controlling party.

The smallest group in which the results of the company are consolidated is that headed by De Lage Landen International BV which is incorporated in the Netherlands. The group financial statements of De Lage Landen International BV may be obtained from Vestdijk 51, PO Box 652, 5600 AR, Eindhoven, The Netherlands.

The largest group in which the results of the company are consolidated is that headed by Cooperative Centrale Raiffelsen Boerenleenbank BA, trading as Rabobank Nederland, and incorporated in The Netherlands.

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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### 25 Cash generated from operations

	2015 £k	2014 £k
Profit for the year after tax	7,044	7,472
<b>Adjustments for:</b>		
Taxation charged	1,834	1,967
Depreciation and impairment of tangible fixed assets	22	101
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	13,450	(11,392)
(Decrease) in creditors	(310)	(204)
<b>Cash generated from/(absorbed by) operations</b>	<u>22,040</u>	<u>(2,056)</u>

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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### 26 Explanation of transition to FRS101 from old UK GAAP

#### Reconciliation of equity

	1 January 2014	31 December 2014
	£k	£k
Equity as reported under previous UK GAAP and under FRS 101	26,875	29,147

#### Reconciliation of profit or loss

	2014 £k
Profit as reported under previous UK GAAP and under FRS101	7,472

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 26 Explanation of transition to FRS101 from old UK GAAP

(Continued)

#### Reconciliation of balance sheet

	Notes	At 1 January 2014			At 31 December 2014		
		Previous UK GAAP £k	Effect of transition £k	FRS 101 £k	Previous UK GAAP £k	Effect of transition £k	FRS 101 £k
<b>Fixed assets</b>							
Tangible assets	A	786	-	786	161	-	161
<b>Current assets</b>							
Debtors due after one year		152,892	-	152,892	160,048	-	160,048
Debtors due within one year		203,677	-	203,677	208,495	-	208,495
Bank and cash		5	-	5	90	-	90
		<u>356,574</u>	<u>-</u>	<u>356,574</u>	<u>368,633</u>	<u>-</u>	<u>368,633</u>
<b>Creditors due within one year</b>							
Loans and overdrafts		(199,122)	-	(199,122)	(175,711)	-	(175,711)
Taxation		(1,439)	-	(1,439)	(1,073)	-	(1,073)
Other creditors		(2,149)	-	(2,149)	(1,946)	-	(1,946)
		<u>(202,710)</u>	<u>-</u>	<u>(202,710)</u>	<u>(178,730)</u>	<u>-</u>	<u>(178,730)</u>
Net current assets		<u>153,864</u>	<u>-</u>	<u>153,864</u>	<u>189,903</u>	<u>-</u>	<u>189,903</u>
Total assets less current liabilities		<u>154,650</u>	<u>-</u>	<u>154,650</u>	<u>190,064</u>	<u>-</u>	<u>190,064</u>
<b>Creditors due after one year</b>							
Loans and overdrafts		(127,775)	-	(127,775)	(160,917)	-	(160,917)
Net assets		<u>26,875</u>	<u>-</u>	<u>26,875</u>	<u>29,147</u>	<u>-</u>	<u>29,147</u>
<b>Capital and reserves</b>							
Share capital		6,000	-	6,000	6,000	-	6,000
Profit and loss		20,875	-	20,875	23,147	-	23,147
Total equity		<u>26,875</u>	<u>-</u>	<u>26,875</u>	<u>29,147</u>	<u>-</u>	<u>29,147</u>

# AGCO FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

### 26 Explanation of transition to FRS101 from old UK GAAP

(Continued)

#### Reconciliation of profit or loss for the year

	Notes	Year ended 31 December 2014		
		Previous UK GAAP £k	Effect of transition £k	FRS 101 £k
Turnover	A	19,690	-	19,690
Cost of sales		(6,161)	-	(6,161)
Gross profit		13,529	-	13,529
Administrative expenses		(4,090)	-	(4,090)
Taxation		(1,967)	-	(1,967)
Profit for the financial period		7,472	-	7,472

#### Notes to reconciliations on adoption of FRS 101

A - There were no material adjustments to prior year figures for the transition from UK GAAP to FRS101.