

DeLaval Limited

Report and Financial Statements

31 December 2017

FRIDAY



A7FF7NT5

A49

28/09/2018

#2

COMPANIES HOUSE

Company Information

Directors

K Ree
S P Lofgren
C Murphy

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers

ING Bank NV, London branch
8-10 Moorgate
London, EC2R 6DA
United Kingdom

Registered Office

Oak House
Pascal Close
St Mellons
Cardiff CF3 0LW

Strategic report

Strategic report

The directors present their strategic report for the year ended 31 December 2017.

Principal activity and review of the business

The company's principal activity is the sale of products for agricultural use. The company's key performance indicators during the year were as follows:

	2017 £000	2016 £000
Turnover	12,990	8,928
Operating Profit	756	147
Profit after tax	605	44
Shareholders' funds	2,004	1,399

Turnover increased in 2017 by 45% from prior year, resulting in an increase in operating profit. The order book carried into 2017 was 28% higher than when entering into 2016 which supported this increase in sales. Higher Cost of sales was set off by lower Administration cost making the Operating Profit to increase compared to previous year.

Management continues to place emphasis on the working capital cycle for the forthcoming financial year, with stock holding days and sales outstanding in particular being constantly monitored to maximise cash flow and reduce capital borrowing costs.

Future developments

The company expects the main growth to come from the capital goods segment of the business whilst aftermarket is expected to continue at the same level as 2017. The company is expecting a continued positive sales development for 2018 and to show profit for 2018.

Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate as the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

Principal risks and uncertainties

The directors continually review and evaluate the risks that the company is facing. The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial risk.

Competitive risks

Largely owing to the nature of the market in the UK, the company has faced very strong competition in recent years. The company puts strong emphasis on its excellent service levels, quality of its product and competitive pricing to its customer base to maintain its position within the market.

Legislative risks

Risk within the UK industry is controlled by specific recognised bodies that provide good practice/standards to follow.

Financial risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Strategic report

Principal risks and uncertainties (continued)

Use of derivatives

The parent of DeLaval Limited uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. The company does not enter into contracts itself, using GBP as its main trading currency.

On behalf of the Board

C Murphy

Director

Date:

Ciaran Murphy
27/9/18

Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year after taxation amounted to £565k (2016 – profit of £44k). The directors do not recommend a final dividend (2016 – £nil).

Future developments

The company expects the main growth to come from the capital goods segment of the business whilst aftermarket is expected to continue at the same level as 2017.

Directors

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

K Ree
S P Lofgren
S J Sefton (Resigned 19 May 2017)
D Evans (Appointed 19 May 2017, resigned 31 January 2018)

In addition, C Murphy was appointed as a director on 1 February 2018.

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

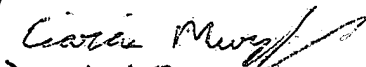
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

C Murphy

Director

Date:


27/9/18

Directors' report

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 proper 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 DeLaval Limited

Opinion

We have audited the financial statements of DeLaval Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 16, including a summary of significant accounting policies. 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 FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

Independent auditors' report

to the members of DeLaval Limited (continued)

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditors' report

to the members of DeLaval Limited (continued)

Use of our report

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.

Ernst & Young LLP

Ken Griffin (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

27 September 2018

Statement of comprehensive income

for the year ended 31 December 2017

	<i>Notes</i>	<i>2017</i>	<i>2016</i>
		<i>£000</i>	<i>£000</i>
Turnover	3	12,990	8,928
Cost of sales		<u>(8,790)</u>	<u>(4,558)</u>
Gross Profit		4,200	4,370
Distribution costs		(1,197)	(697)
Administrative expenses		<u>(2,247)</u>	<u>(3,526)</u>
Operating Profit	4	756	147
Interest payable and similar charges	7	<u>(21)</u>	<u>(45)</u>
Profit on ordinary activities before taxation		735	102
Tax expense	8	<u>(130)</u>	<u>(58)</u>
Profit for the financial year		<u>605</u>	<u>44</u>
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		<u>605</u>	<u>44</u>

All amounts relate to continuing activities.

Statement of changes in equity

at 31 December 2016

Registered No. 01945075

Balance sheet

at 31 December 2017

	<i>Notes</i>	<i>2017</i> £000	<i>2016</i> £000
Fixed assets			
Tangible assets	9	410	436
		410	436
Current assets			
Stocks	10	3,546	1,335
Debtors	11	2,600	3,320
Cash at bank and in hand		123	202
		6,269	4,857
Creditors: amounts falling due within one year	12	(4,675)	(3,894)
Net current assets		1,594	963
Net assets		2,004	1,399
Capital and reserves			
Called up share capital	15	1,500	1,500
Share premium account		319	319
Profit and loss account		185	(420)
Shareholders' funds		2,004	1,399

The financial statements were approved by the board of directors and authorised for signature on their behalf by:

C. Murphy

Director

Date:

C. Murphy
27/9/18

Statement of changes in equity

at 31 December 2016

Statement of changes in equity

at 31 December 2017

	<i>Share capital £000</i>	<i>Share Premium £000</i>	<i>Profit and loss account £000</i>	<i>Total equity £000</i>
As at 1 January 2016	1,500	319	(464)	1,355
Profit for the year	-	-	44	44
Other Comprehensive Income	-	-	-	-
At 31 December 2016	1,500	319	(420)	1,399
Profit for the year	-	-	605	605
Other Comprehensive Income	-	-	-	-
At 31 December 2017	1,500	319	185	2,004

Notes to the financial statements

at 31 December 2017

Notes to the financial statements

at 31 December 2017

1. Statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) under the historical cost convention and in accordance with applicable accounting standards.

DeLaval Limited is incorporated and domiciled in England and Wales. The registered office is located at:
Oak House

Pascal Close
St Mellons
Cardiff CF3 0LW

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

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

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79 (a) (iv) of IAS 1;
 - (ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;
- (d) the requirements of paragraphs 10 (d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows. The company is exempt from preparing a cash flow statement as a group cash flow statement is prepared by its parent undertaking, Tetra Laval Holdings BV.
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (h) 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; and
- (i) the requirements of paragraphs 134 (d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

2.2 Going concern

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 report and financial statements.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

- i) provision for excess and slow moving inventory
- ii) provision for bad and doubtful debts

2.4 Significant accounting policies

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Tangible fixed assets

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

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant, machinery, equipment, fixtures and fittings	–	between 4 and 14 years
Freehold buildings	–	25 years

Impairment of non-financial assets

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate the assets may not be recoverable.

Stocks

Finished Goods are stated at the lower of cost and net realisable value. Cost includes materials, direct labour, transportation and storage costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Work in progress stock is valued at actual cost. Provision is made for obsolete, slow moving or defective items where appropriate.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Notes to the financial statements

at 31 December 2017

2. Accounting policies (continued)

Deferred tax is recognised, without discounting, in respect of temporary differences between the treatment of certain items for taxation and accounting 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 asset can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Foreign currencies

Amounts denominated in foreign currencies are included in the financial statements at rates ruling on the date of the transactions. At the balance sheet date, assets and liabilities are retranslated at the rates ruling at that date. Any gain or loss on translation is taken to the profit and loss account for the year.

Operating leases

Rentals paid under operating leases are charged to profit and loss account net of incentives on a straight-line basis over the lease term.

Pensions

DeLaval Limited operated a defined contribution pension scheme during 2017. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

3. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company, the sale of products to the agricultural industry in the United Kingdom.

4. Operating profit

This is stated after charging/ (crediting):

	2017	2016
	£000	£000
Auditors' remuneration – audit of the financial statements	19	15
– other fees (taxation services)	<u>9</u>	<u>9</u>
Depreciation of owned fixed assets	<u>32</u>	<u>34</u>
Operating lease rentals – other (note 14)	<u>164</u>	<u>171</u>
Foreign exchange gain	<u>1</u>	<u>7</u>

Notes to the financial statements

at 31 December 2017

5. Director's remuneration

	2017	2016
	£000	£000
Aggregate remuneration in respect of qualifying services	255	255
Value of company pension contributions to money purchase schemes for 1 director (2016 – 1 director)	29	29
	<u>284</u>	<u>284</u>

6. Staff costs

	2017	2016
	£000	£000
Wages and salaries	1,595	1,810
Social security costs	206	363
Other pension costs	189	220
Group life insurance	–	28
	<u>1,990</u>	<u>2,421</u>

Pension costs of £188,765 (2016 – £220,280) were incurred in the year in relation to the defined contribution scheme. There were no outstanding or prepaid contributions at the balance sheet date.

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

	2017	2016
	No.	No.
Selling and distribution	34	33
Administration	4	2
Total	<u>38</u>	<u>35</u>

7. Interest payable and similar charges

	2017	2016
	£000	£000
Other interest payable	21	43
Other finance costs	–	2
	<u>20</u>	<u>45</u>

Interest payable on other loans in the current and the prior year was due to amounts owed to group undertakings.

Notes to the financial statements

at 31 December 2017

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2017	2016
	£000	£000
Current tax:		
UK corporation tax on the profit for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences – pension deficit/(surplus)	(262)	(343)
– other	<u>392</u>	<u>402</u>
Total tax charge on ordinary activities (note 8(b))	<u>130</u>	<u>59</u>

(b) Factors affecting total tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit on ordinary activities before tax	<u>735</u>	<u>102</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	141	20
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6	3
Tax rate changes	(17)	11
Adjustments relating to prior year	<u>-</u>	<u>24</u>
Total tax for the year (note 8(a))	<u>130</u>	<u>58</u>

Notes to the financial statements

at 31 December 2017

8. Tax (continued)

(a) Deferred tax

A deferred tax asset is recognised at 17% (2016 – 20%) in the financial statements as follows:

	2017	2016
	£000	£000
Decelerated capital allowances	14	13
Timing differences relating to pensions	-	(262)
Other timing differences	-	289
Tax losses available for carry forward	<u>14</u>	<u>118</u>
Deferred tax Asset	<u>28</u>	<u>158</u>

The movements in deferred tax are:

	£000
At 1 January 2016	158
Amounts charged to profit and loss account	<u>(130)</u>
At 31 December 2016	<u>28</u>

(b) Factors that may affect future tax charges.

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) have been announced. These changes will reduce the company's future current tax charge accordingly.

Notes to the financial statements

at 31 December 2017

9. Tangible fixed assets

	<i>Freehold land and buildings £000</i>	<i>Plant equipment fixtures and fittings £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2017	750	519	1,269
Additions	–	5	5
Disposals	–	(5)	(5)
At 31 December 2017	<u>750</u>	<u>519</u>	<u>1,269</u>
Depreciation:			
At 1 January 2017	340	493	833
Charge for the year	20	11	31
Disposals	–	(5)	(5)
At 31 December 2017	<u>360</u>	<u>499</u>	<u>859</u>
Net book value:			
At 1 January 2017	<u>410</u>	<u>26</u>	<u>436</u>
At 31 December 2017	<u>390</u>	<u>20</u>	<u>410</u>

Included in freehold land and buildings is freehold land at a cost of £250,000 (2016 – £250,000) which is not depreciated.

10. Stocks

	<i>2017 £000</i>	<i>2016 £000</i>
Stock held for resale	<u>3,546</u>	<u>1,335</u>

11. Debtors

	<i>2017 £000</i>	<i>2016 £000</i>
Trade debtors	2,535	1,584
Amounts owed by group undertakings	20	1,577
Deferred tax asset (note 8c)	28	158
Prepayments	17	1
	<u>2,600</u>	<u>3,320</u>

Notes to the financial statements

at 31 December 2017

12. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	105	202
Amounts owed to group undertakings	1,455	1,376
Other taxes and social security costs	425	458
Accruals and other creditors	2,690	1,858
	<u>4,675</u>	<u>3,894</u>

13. Obligations under leases

Operating lease agreements where the Company is lessee

At 31 December 2017 the company had aggregate minimum commitments under non-cancellable operating leases as set out below:

Future minimum lease payments due:

	2017	2016
	£000	£000
Not later than one year	21	145
After one year but not more than five years	120	103
After five years	-	-
	<u>141</u>	<u>248</u>

14. Pensions

Defined Contribution Plan:

Contributions of £188,765 (2016 – £220,280) were made to the defined contribution plan in the current year.

15. Share capital

<i>Issued and fully paid</i>	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	1,499,990	<u>1,500</u>	1,499,990	<u>1,500</u>

Notes to the financial statements

at 31 December 2017

16. Ultimate parent undertaking and controlling party

The immediate parent undertaking is DeLaval Holding BV, a company incorporated in the Netherlands, by virtue of its 100% holding in the equity shares of DeLaval Limited.

The company's ultimate parent undertaking and controlling party is Tetra Laval Holdings BV, a company incorporated in The Netherlands. A copy of the group financial statements, which include the company, is available from Herikerbergweg 108-A, 1101 CM Amsterdam, The Netherlands.