

Company Registration No: SC028492

**Annual Report and Financial Statements**

**52 weeks ended 1 November 2020**

**JOHN DEERE LIMITED**



# **JOHN DEERE LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS 2020**

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# **JOHN DEERE LIMITED**

## **STRATEGIC REPORT**

The directors present the strategic report for the 52-week period ended 1 November 2020 (comparative period 52 week period ended 3 November 2019). The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company are the importation and distribution of John Deere agricultural, lawn and ground care equipment.

### **REVIEW OF BUSINESS**

The profit for the period was £25,304,000 and profit for 2019 was £3,638,000.

Net assets as at period end have increased to £58,832,000. (2019: £34,270,000 decrease).

During the year we have experienced a significant increase in our local profitability, this was as a result of a number of factors including the volatility of exchange rates on purchases from EU and US. During fiscal year 2020 we have seen a continued strong demand for equipment. On the Agricultural side of the business our dealers have seen their customers continue to invest in machinery, however we have seen a decline in turnover by 3.9% during the year, the outlook for 2021 was positive despite the Covid pandemic, further details on the impact of COVID-19 is discussed in the going concern note below.

### **Future Developments**

The impacts of COVID-19 are detailed in the going concern noted below. The costs associated with the COVID-19 safeguards that have been implemented are not deemed to be of a material nature. In addition, the company has continued to review the possible impacts of Brexit on both our customers and our suppliers as well as the likely impacts internally in all departments and their processes within the company. Furthermore, John Deere Limited will continue to monitor the implications of changes in agricultural subsidy payments on future farm income, following the decision of the UK to leave the European Union, and the impact of reforms to the EU CAP for Irish agriculture. Farm income is considered as one of the main drivers in defining the size of the agricultural machinery market. The impact of changes to tariffs and duties, on imports and exports, are also being reviewed to understand how this may affect the company in the future.

### **Key performance indicators**

Within the large number of performance indicators utilised by the company, two of the main performance indicators relate to sales growth and return on capital employed (defined as profit after tax divided by net current assets). During the year the company has maintained their strong sales performance with a decrease in sales of 3.9% (2019: increase of 2.2%). The return on capital employed for the period was 53.6%, (2019: return on capital employed of 13.4%).

The directors are satisfied with productivity, expressed as turnover per employee, of £5,583,000 (2019: £5,386,000).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The unexpected risk to the business during Fiscal 20 has been the effects of COVID-19, the company's response to the pandemic has been described below in the Going Concern section of the Director's Report. In addition, the risk to future profitability continues to be related to farmers' incomes and their income. As with any business there is always a risk from competition and product innovations within the farming sector. On the lawn and garden side of the business competition, climatic conditions and interest rates are some of the risk factors. The company believes that, through its strong customer relations, dealer excellence, product differentiation and continuing product reliability, it is adequately placed to mitigate these risks.

### **Liquidity and credit risk**

The directors believe the liquidity and credit risk is low as external debtors are covered by a debt factoring arrangement by a fellow group company.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

## **JOHN DEERE LIMITED**

### **STRATEGIC REPORT (Continued)**

#### **Foreign currency risk**

The company is subject to foreign currency risk as purchases are made from overseas. To mitigate this risk the group enters into foreign currency contracts on the company's behalf. These contracts are now disclosed in the accounts of the company and can be seen in note 16.

#### **SECTION 172(1) STATEMENT**

Section 172 of the Companies Act 2006 a director of a company to act in the way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefits of its members as a whole. In doing this, section 172 requires a director to have regard, among other matters, to: the likely impacts of any decisions in the long term; the interests of the companies employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the companies operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The directors have given careful consideration to the factors set out above in discharging their duties under section 172. We consider all stakeholders including our employees, our suppliers, our dealers, our customers, and the communities in which we work.

#### **Our employees**

The company values all of our employees and the work that they do for us. The company communicates it all employees on a regular basis including an all employee call every quarterly detailing company results and other topics the company feels employees need to made aware of. We also feel the best culture is one that brings out the best in all of us. John Deere Employee Resource Groups are company-sponsored, employee-run organisations that are built around common interests or experiences to build a better, more inclusive business environment. Globally we employee more than 69,000 people.

#### **Our suppliers**

The majority of the John Deere Limited suppliers are other group companies, however there are a number of national and local suppliers that the company works with. The company follows section 3 of the Small Business, Enterprise and Employment Act 2015 and reports on a half-yearly basis on their payment practices, policies and performance. The latest report to 1<sup>st</sup> November 2020 shows that the company paid 66% of their invoices with 30 days, 27% between 31-60 days and 7% 61 days or more. Invoices due but not paid within the agreed terms were 7% for the 6 month period. This was in line with previous reporting periods, however, we continue to work hard to ensure this is kept to a minimum

#### **Our dealers and customers**

John Deere customer are at the centre of everything we do. Our easy to use technology helps deliver results they see in the field on the job site and on the balance sheet. We ensure seamless access to complete goods, parts, services, in addition we provide performance upgrades from take home to trade-in providing world-class support throughout the life cycle of our equipment with productivity and sustainability in mind.

#### **The communities in which we work**

Wherever we operate, John Deere is committed to being a responsible corporate citizen. Globally the company and its foundation made large charitable donations. These contributions focussed on helping local communities grow, providing quality educational opportunities and empowering smaller farmers in developing markets. In addition Deere employees supported their communities through extensive volunteering programmes.

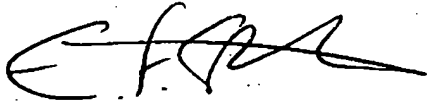
## JOHN DEERE LIMITED

### STRATEGIC REPORT (Continued)

#### POLITICAL AND CHARITABLE DONATIONS

During the period the company made charitable donations of £1,037 (2019: £1,591). There were no political donations in either the current or prior period.

Approved and signed by the Directors



J Ibbotson, E Stephenson, B D'Arcy  
Company Directors

Company Registered Office address - 5th Floor, Quatermile Two, 2 Lister Square, Edinburgh EH3 9GL

Date 30.09.2021

# JOHN DEERE LIMITED

## DIRECTOR'S REPORT

The directors present the annual report and the audited financial statements for the 52-week period ended 1 November 2020.

### DIRECTORS

J C A Henry	Resigned 11 <sup>th</sup> December 2020
J Ibbotson	Appointed 11 <sup>th</sup> December 2020
E Stephenson	Appointed 11 <sup>th</sup> December 2020
B D'Arcy	Appointed 23 <sup>rd</sup> April 2021

The directors listed above, do not have any beneficial interest in the shares of the company or in any other company registered within the United Kingdom.

The company has not made any qualifying third-party provision for the benefit of the directors.

### DIRECTORS INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments can be found in the Strategic Report on page 1 and events that have occurred after the balance sheet date can be found below in the going concern area of the Director's Report by cross-reference.

### DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company is continued and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### EMPLOYEE INVOLVEMENT

Company employees are kept informed on matters of concern to them, including those factors affecting the performance and future of the business by the issue of circulars and briefing notes. Company employees are consulted through local and national union representatives about changes in work methods and systems, terms and conditions of employment, job security, and other matters affecting their working environment.

### DIVIDEND

No dividend was paid out in 2020 compared to £70,000,000 paid in 2019.

### FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of financial risk management objectives and policies can be found in the principal risks section of the Strategic Report on page 1 and form part of this report by cross-reference.

### GOING CONCERN

The directors have prepared a forecast up to October 2022. The company continues to execute its plan to address the impact of COVID-19 through several key actions as described below.

**Safeguarding and Supporting Employees:** Deere's priority is the health, safety, and overall welfare of our employees. Protecting the workforce is essential for the company to deliver on its commitment to customers and fulfil its role as an essential business. Deere has proactively implemented health and safety measures at its operations in the UK and around the world. These measures include employee health screening, additional personal protective equipment, social distancing guidelines, enhanced cleaning and sanitation efforts and a staggered production schedule.

**Supporting Dealers and Customers:** Because maintaining customer uptime is critical to delivering value to our customers, Deere continues to produce and ship machinery and repair parts to meet demand. Responding to this demand in the face of the pandemic has been a challenge as a result various regulatory, economic, and other barrier that have affected production facilities and the supply chain. The company is represented by a world class dealer channel that has continued operating throughout the crisis. Leveraging digital tools and connected support abilities has allowed our dealers to remote service customer machines and maintain appropriate social distancing protocols. Measures to ensure continuity of

## JOHN DEERE LIMITED

### DIRECTOR'S REPORT (Continued)

operations have helped customers to continue essential work of prompting food security and providing critical infrastructure. Additionally, John Deere Financial has provided continuous financing throughout the duration of any COVID-19 disruptions.

While there are some operational risks we do see Industry tailwinds in 2021 and beyond. However, many challenges and risks still remain, particularly with respect to our supply chain, global logistics and COVID-related interruptions. These risks have caused spot disruptions in production and we anticipate those to continue throughout Fiscal 2021. However, the efforts of production and supply management teams have meant these stoppages are not expected to be lengthy.

One risk that has been highlighted in the supply of semi-conductors, which is experiencing a global shortage. With the work of our suppliers we have continued to provide our essential equipment without significant disruption. The forecast for 2021 contemplates a continuation of this trend. In addition prices for key raw materials such as steel have significantly increased over the first half of 2021. Freight and logistics costs have also experienced upward pressures. As a result these increases have been accounted for both locally and globally in the latest forecasts.

Despite the challenges detailed above there are market strengths and we continue to meet or exceed our forecast for 2021. As so the company see opportunities to accelerate our investment in technology and sustainability. Although slightly earlier than anticipated the company believes this new strategy is the right one and will drive differentiated outcomes for our customers and all stakeholders.

Locally John Deere Limited implement the Business Continuity Plan (BCP) which called together the local Incident Response Team (IRT). The IRT continues to meet twice weekly, to review the impacts on John Deere Limited, their employees, dealers, and other stakeholders. Additional meetings were held bi-monthly employees to update them on the company's response. Our Health and Safety Advisor was also engaged to review all processes and evaluate any risk areas.

Due to the essential nature of our business, both to our dealers and customers, it was felt important to maintain operations throughout the pandemic, therefore, at no point did the facilities close.

The company continues to utilise several measures to ensure a COVID safe work environment for both employees and visitors, self-certifying to be a COVID secure site, as per government requirements. These include temperature screening upon entry on the site, sanitising stations, an additional cleaning rota and the wearing of masks when not seated at desks. A management rota continues to be used as a management presence is maintained on site at all times. We also continue to monitor the total number of people on site to help maintain social distancing, whilst also following the need to apply Track and Trace in the event of any on site COVID cases.

The company has still not needed to engage in any of the Government backed support schemes and has not had to furlough any employees.

The Directors have modelled alternative scenarios which demonstrate that the Company has sufficient cash resources to meet its liabilities as they fall due and manage the liquidity demands of the business for the foreseeable future, including a period of at least twelve months from the date of approval of these financial statements. As a cash generating part of the group the company has increased their reserves in line with expectations.

The companies defined benefit pension scheme has also been reviewed and assessed and the latest provision shows that existing pension asset has not changed significantly despite the changes in bonds, gilts and equities values during the pandemic.

With the actions taken and detailed above, the directors continue to adopt the going concern assumption in preparing the financial statements.

## **JOHN DEERE LIMITED**

### **DIRECTOR'S REPORT (Continued)**

#### **STREAMLINED ENERGY AND CARBON REPORTING (SECR)**

In line with the changes in energy reporting regulations in relation to Companies Act 2006, John Deere Limited has undertaken an external agency, JRP Solutions Ltd to conduct the analysis for energy efficiencies as required; below are the findings.

##### **Summary**

John Deere Limited has commissioned this report from JRP Solutions Ltd to confirm and validate their greenhouse gas emissions for the 19/20 reporting period. Total emissions for the year were 549 tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e) based on a verified usage of 2,319,136 kilo-Watt-hours (kWh) of energy. As this is the first year of reporting the baseline period data is the same as the reporting period data.

The organisation has undertaken 2 energy efficiency actions (EEA) in this reporting year.

##### **Methodology**

This report has been compiled in line with the "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019".

##### **Boundary**

A Financial Control Boundary has been chosen for reporting on Green House Gases (GHGs).

A financial boundary has been chosen which ensures that the energy and carbon reporting aligns to other annual financial reporting. This report covers emissions from the period 04 Nov 2019 to 01 Nov 2020. This reporting period has been chosen to match the organisations own financial reporting year.

All sites and companies in the UK have been included in the reporting, even if they do not qualify in their own right.

Both Newton Warehouse sites are omitted from the report as these sites have an operational lease tenure. As per the environmental reporting guidelines, this means the lessee does not have ownership or financial control. Therefore, emissions associated with fuel combustion are scope 3 and with use of purchased electricity are scope 3. Consequently, emissions are beyond the scope of this report as only grey fleet scope 3 emissions are being reported.

##### **Environmental Impacts**

Only environmental impacts from greenhouse gases (GHG) are included in this report/section.

Environmental impacts from waste, water, resource efficiency, ecosystem interaction and other non-GHG emitting activities are considered separately and are outside the scope of this report/section.

The report has been limited to Scope 1 and Scope 2 emissions with Scope 3 emissions for grey fleet travel as required by SECR reporting for large unquoted companies.

# JOHN DEERE LIMITED

## DIRECTOR'S REPORT (Continued)

### Greenhouse Gas Emissions

Table 1 below shows the GHG emissions for John Deere Limited in tonnes of carbon dioxide equivalent for the base year of 19/20 and the current reporting year. Total emissions for 19/20 are 549.319 tonnes of carbon dioxide equivalent.

Table 1: Greenhouse Gas Emission (GHG)

	Emission Source	Units	Baseline	Report Year
			19/20	19/20
Scope 1	Gaseous Fuel	Emissions (tCO <sub>2</sub> e)	80.4	80.4
	Liquid Fuel	Emissions (tCO <sub>2</sub> e)	122.6	122.6
	Site Vehicles	Emissions (tCO <sub>2</sub> e)	16.5	16.5
	<b>Sub Total</b>	<b>Emissions (tCO<sub>2</sub>e)</b>	<b>284.1</b>	<b>284.1</b>
Scope 2	Grid Electricity	Emissions (tCO <sub>2</sub> e)	115.2	115.2
	<b>Sub Total</b>	<b>Emissions (tCO<sub>2</sub>e)</b>	<b>115.2</b>	<b>115.2</b>
Scope 3	Grey Fleet	Emissions (tCO <sub>2</sub> e)	150.0	150.0
	<b>Sub Total</b>	<b>Emissions (tCO<sub>2</sub>e)</b>	<b>150.0</b>	<b>150.0</b>
<b>TOTAL EMISSIONS</b>		<b>Emissions (tCO<sub>2</sub>e)</b>	<b>549.3</b>	<b>549.3</b>
<b>Variance</b>		<b>%</b>	<b>0.0%</b>	
Carbon Offsets & Green Tariffs Purchased		Emissions (tCO <sub>2</sub> e)	0.0	0.0
<b>TOTAL EMISSIONS WITH OFFSETTING</b>		<b>Emissions (tCO<sub>2</sub>e)</b>	<b>549.3</b>	<b>549.3</b>
<b>Variance</b>		<b>%</b>	<b>0.0%</b>	

### Underlying Energy Use

Table 2 below shows the energy use for John Deere Limited in kilowatt hours (kWh) for the base year of 19/20 and the current reporting year. Total energy used for 19/20 was 2,319,136 kWh.

Table 2: Underlying Energy Use

	Emission Source	Units	Baseline	Report Year
			19/20	19/20
Scope 1	Gaseous Fuel	Energy (kWh)	437,426	437,426
	Liquid Fuel	Energy (kWh)	457,753	457,753
	Site Vehicles	Energy (kWh)	68,791	68,791
	<b>Sub Total</b>	<b>Energy (kWh)</b>	<b>1,233,384</b>	<b>1,233,384</b>
Scope 2	Grid Electricity	Energy (kWh)	494,229	494,229
	<b>Sub Total</b>	<b>Energy (kWh)</b>	<b>494,229</b>	<b>494,229</b>
Scope 3	Grey Fleet	Energy (kWh)	591,523	591,523
	<b>Sub Total</b>	<b>Energy (kWh)</b>	<b>591,523</b>	<b>591,523</b>
<b>TOTAL ENERGY</b>		<b>Energy (kWh)</b>	<b>2,319,136</b>	<b>2,319,136</b>
<b>Variance</b>		<b>%</b>	<b>0.0%</b>	

## JOHN DEERE LIMITED

### DIRECTOR'S REPORT (Continued)

#### Intensity Ratios

The tables below show the intensity ratios for the organisation.

Type	Units	Baseline	Report Year
		19/20	19/20
Floor Area	kWh/GIA m <sup>2</sup>	237.2	237.2

Table 3: Operation Consumption Intensity Ratios

Type	Units	Baseline	Report Year
		19/20	19/20
Floor Area	tCO <sub>2</sub> e/GIA m <sup>2</sup>	0.05619	0.05619

Table 4: Operation Emissions Intensity Ratios

#### Energy Efficiency Actions Taken

During the reporting year 19/20 the following energy efficiency actions were taken:

Category	Title	Description
Other	Option to upgrade to a hybrid car	The option is available to upgrade to a plug-in hybrid car for business use upon contract renewal. There are currently 15 plug-in hybrids out of the total fleet of 74 cars.
Lighting	LED Lighting upgrade	Lighting is being progressively upgraded to LED for improved energy efficiency.

#### Assurance

The data and information included in this report has been compiled and verified by independent consultants JRP Solutions Limited. Electricity and gas consumption are both provided from monthly invoices that include a combination of estimated and actual reads. Heating oil and red diesel consumption data has been provided from delivery invoices. Litres of diesel and petrol used for business trips and miles claimed for grey fleet is compiled through the company expenses system.

#### AUDITOR

The Directors at the date of approval of this report confirm that:

- (1) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved and signed by the Directors



J Ibbotson, E Stephenson, B D'Arcy  
Company Directors

Company Registered Office address - 5th Floor, Quatermile Two, 2 Lister Square, Edinburgh, EH3 9GL

Date 30.09.2021

## **JOHN DEERE LIMITED**

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

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 period. 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) including FRS102 "The Financial reporting Standard Applicable in the UK and Republic of Ireland". 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; 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.

## **JOHN DEERE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN DEERE LIMITED**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 November 2020 and of its profit for the 52-week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of John Deere Limited (the 'company') which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **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.

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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the director has 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.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## JOHN DEERE LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN DEERE LIMITED (Continued)

#### Responsibilities of directors

As explained more fully in the director's responsibilities statement, 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the director's report.

##### Matters on which we are required to report by exception

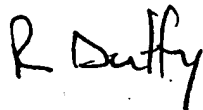
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### 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.



Ryan Duffy (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Birmingham, UK

30 September 2021

# JOHN DEERE LIMITED

## PROFIT AND LOSS

As at 1 November 2020

	Note	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000 (Restated- see note 3)
<b>TURNOVER</b>	<b>3</b>	<b>496,928</b>	<b>517,066</b>
Cost of sales		(454,724)	(483,650)
Gross profit		42,204	33,416
Distribution costs		(3,845)	(5,544)
Administrative expenses		(13,296)	(17,944)
<b>OPERATING PROFIT</b>	<b>4</b>	<b>25,063</b>	<b>9,928</b>
Interest receivable and similar income		275	1,450
Other finance (expense)/income (net)	<b>6</b>	6,208	(6,772)
<b>PROFIT BEFORE TAXATION</b>		<b>31,546</b>	<b>4,606</b>
Tax on profit	<b>7</b>	(6,242)	(968)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>25,304</b>	<b>3,638</b>

All of the transactions relate to continuing operations.

The notes to the accounts on pages 12 to 30 form part of the financial statements.

# **JOHN DEERE LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME**

**As at 1 November 2020**

	<b>52 week period Ended 1 November 2020 £'000</b>	<b>52 week period Ended 3 November 2019 £'000</b>
<b>Profit for the period</b>	<b>25,304</b>	<b>3,638</b>
<b>Remeasurement of net defined benefit liability</b>	<b>(1,065)</b>	<b>(482)</b>
<b>Deferred tax on actuarial (gain)/loss</b>	<b>323</b>	<b>234</b>
<b>Total comprehensive income</b>	<b>24,562</b>	<b>3,390</b>

# JOHN DEERE LIMITED

## BALANCE SHEET

As at 1 November 2020

	Note	1 November 2020 £'000	3 November 2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	2,264	2,173
Investments	9	10,300	10,300
		<u>12,564</u>	<u>12,473</u>
<b>CURRENT ASSETS</b>			
Stocks	10	23,761	27,689
Debtors	11	112,033	58,044
Cash at bank and in hand		8,651	10,283
		<u>144,445</u>	<u>96,016</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(102,670)</u>	<u>(79,563)</u>
<b>NET CURRENT ASSETS</b>		<u>41,775</u>	<u>16,453</u>
<b>NET ASSETS BEFORE PENSION LIABILITY</b>		54,339	28,926
Pension asset/(liability)	17	4,493	5,344
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>58,832</u>	<u>34,270</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	5,013	5,013
Share premium account	14	5,612	5,612
Profit and loss account	14	48,207	23,645
<b>SHAREHOLDERS' FUNDS</b>		<u>58,832</u>	<u>34,270</u>

The notes to the accounts on pages 12 to 30 form part of the financial statements and these financial statements were approved by the Board of Directors and authorised for issue on

Signed on behalf of the Board of Directors



J Ibbotson, E Stephenson, B D'Arcy  
Company Directors

# JOHN DEERE LIMITED

## STATEMENT OF CHANGES IN EQUITY

52 week period ended 1 November 2020

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
<b>At 29 October 2018</b>	5,013	5,612	90,255	100,880
Profit for the financial period	-	-	3,638	3,638
Remeasurement of net defined benefit asset	-	-	(482)	(482)
Tax relating to items of other comprehensive income	-	-	234	234
<b>Total comprehensive income</b>	-	-	3,390	3,390
Dividends paid on equity shares	-	-	(70,000)	(70,000)
<b>At 3 November 2019</b>	5,013	5,612	23,645	34,270
Profit for the financial period	-	-	25,304	25,304
Remeasurement of net defined benefit asset	-	-	(1,065)	(1,065)
Tax relating to items of other comprehensive income	-	-	323	323
<b>Total comprehensive income</b>	-	-	24,562	24,562
Dividends paid on equity shares	-	-	-	-
<b>At 1 November 2020</b>	5,013	5,612	48,207	58,832

## JOHN DEERE LIMITED

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### General information and basis of accounting

John Deere Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act and registered in Scotland. The address of the registered office is given on page 4. The nature of the group's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

John Deere Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available. John Deere Limited is consolidated into the financial statements of its ultimate parent company, Deere & Company, which may be obtained from the address in note 19. Exemptions have been taken as per FRS102 section 1.12 (d) in relation to share-based payments, financial instruments, related party transactions, presentation of a cash flow statement and remuneration of key management personnel.

#### Going concern

As noted in the Strategic report the director has prepared a forecast up to October 2022, that includes the impacts of COVID-19. Due to the essential nature of the business, it was felt it was important to maintain operations throughout the pandemic and at no time has the facilities or business been closed. The company has implemented a number of measures to ensure a COVID safe work environment both for employees and visitors. The forecast that has been prepared to October 2022 continues to show strong market performance with a profitable return; the company continues to have more than sufficient liquid resources to enable it to pay its liabilities as they fall due. The results to date are in line with the forecast. The company does not have any external debt, deeds or covenants and accordingly the directors continued to adopt the going concern assumption in preparing the financial statements.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. No depreciation is charged on freehold land. It is provided on all other assets in equal annual instalments, based on cost, to reduce assets to their residual value over their expected useful lives. The rates of depreciation used are as follows:

Buildings	5% to 10% per annum
Plant and machinery	10% to 20% per annum
Fixtures, fittings, tools and equipment	10% to 25% per annum

#### Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# **JOHN DEERE LIMITED**

## **1. ACCOUNTING POLICIES (Continued)**

### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs). If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

# **JOHN DEERE LIMITED**

## **1. ACCOUNTING POLICIES (Continued)**

### **Taxation (Continued)**

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is represented by the purchase price of finished goods including importation costs. Cost is calculated using the weighted average cost method. Net realisable value is based on estimated selling price less all further costs to completion including all relevant marketing, selling and distribution costs.

### **Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Due to the changes implemented in FR102, all active leases are now held as assets and liabilities on the balance sheet.

### **Pension costs**

Retirement benefits to employees are provided by a defined benefit scheme, which is funded by contributions from the company and employees. The company accounts for the defined benefit scheme in accordance with FRS 102 section 28. Operating profit is charged with the cost of providing pension benefits earned by employees in the period and gains and losses on settlements and curtailments. The expected return on pension scheme assets less the interest on pension scheme liabilities is shown as other finance income/(costs) within the profit and loss account. Past service costs are recognised immediately in the profit and loss account if the benefits have vested.

Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on the pension scheme liabilities and the effects of changes in demographics and financial assumptions are included in the statement of comprehensive income.

### **Foreign currency balances**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the translation rates ruling at that date. These translation differences are dealt with in the profit and loss account.

### **Share options**

The company issues cash settled share options in the ultimate parent company to certain employees. Each option is fair valued on the date of granting, using an appropriate statistical method (the Black Scholes pricing model) and a liability is recognised over the vesting period on a straight-line basis equal to the expected cash amount that will be settled on exercise date.

### **Turnover**

Turnover, which arises wholly in the United Kingdom and Ireland, represents amounts receivable for goods sold to customers in the ordinary course of business net of retail sales discounts and sales taxes. Turnover is recognised when the risks and rewards of ownership are deemed to have been transferred. All turnover relates to the principal activities of the company.

## **JOHN DEERE LIMITED**

### **1. ACCOUNTING POLICIES (Continued)**

#### **Interest receivable and similar income**

Interest receivable arises from intercompany loans and cash pooling, similar income has been recognised from internal or external commissions and channel fees. All income is recognised on receipt.

#### **Consolidation**

The company is exempt from the obligation to prepare and deliver consolidated financial statements under s400 of the Companies Act 2006. This is due to the fact that it is included in the consolidated financial statements prepared by Deere & Company, the ultimate parent company – see note 20. These financial statements therefore present information about the company and not about its group.

### **2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying the Company's accounting policies**

There are no critical accounting judgements, apart from those involving estimations (which are dealt with separately below), that the director has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### **Key sources of estimation uncertainty**

##### **Warranty Provision**

In line with company policy the warranty provision is calculated with assistance from actuaries based on the current profit/loss ratio of the programme. Since 2009 the John Deere Limited has retained the provision in relation to its extended warranty program, PowerGard. A range of reasonable estimates is produced by considering the sensitivity of reasonable alternative assumptions. See note 16 below.

##### **Pension scheme**

The details of the pension scheme are included in the note 18 below.

## JOHN DEERE LIMITED

### 3. TURNOVER

An analysis of the company's turnover by geographical market is set out below.

	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000 (Restated)
Turnover:		
UK and Ireland	496,928	517,066

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

	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000 (Restated)
Sale of goods	496,928	517,066
	<u>496,928</u>	<u>517,066</u>

The Directors have made a restatement of comparatives in the statement of comprehensive income to reclassify discounts given to customers from cost of sales to turnover. Discounts are in respect of volume rebates, promotions and incentives. Turnover has reduced by £89m and cost of sales has been reduced by the same amount. The restatement has no net impact on gross profit or profit for the financial period and no impact on the statement of financial position.

### 4. OPERATING PROFIT

	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000
Operating profit is stated after charging/(crediting):		
Rents under operating leases:		
Plant and machinery	229	342
Other	385	328
Gain on foreign exchange	(98)	296
Depreciation	284	248
Sales, Administration and General expenses	9,643	9,730
Foreign exchange cost of sales	(5,845)	8,861
Freight on sales	3,206	3,147
Cost of stock recognised as an expense	438,052	463,358

The analysis of auditor's remuneration is as follows:

Total audit fees - fees payable to the company's auditor for the audit of the company's financial statements	52	58
Total non-audit fees – other services pursuant to legislation	-	-

# JOHN DEERE LIMITED

## 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000
<b>Director's remuneration</b>		
Remuneration:		
Salaries and taxable benefits	234	233
Pension contributions	58	52
	<u>292</u>	<u>285</u>
<b>Remuneration of the highest paid director:</b>		
Emoluments	292	285
Company contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>
	<b>Number</b>	<b>Number</b>
The number of directors to whom retirement benefits are accruing in respect of qualifying services in respect of defined benefit schemes	1	1
Are members of a money purchase pension scheme	-	-
	<u>-</u>	<u>-</u>

During the year only one director was paid by John Deere Limited and their remuneration is disclosed above.  
The director did not exercise any share options in the period.

	52 week period Ended 1 November 2020 Number	52 week period Ended 3 November 2019 Number
<b>Average number of persons employed:</b>		
Sales and distribution	72	78
Administration	17	18
	<u>89</u>	<u>96</u>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs incurred during the period:</b>		
Wages and salaries	5,583	5,763
Social security costs	741	714
Other pension costs	1,492	1,318
	<u>7,816</u>	<u>7,795</u>

Other pension costs reflect the amounts charged to operating profit. Other costs, such as interest cost, expected return on assets and actuarial gains and losses are excluded.

## JOHN DEERE LIMITED

### 6. OTHER FINANCE INCOME/(EXPENSE) (NET)

	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000
Interest income on pension scheme assets (note 18)	951	1,236
Interest on pension scheme liabilities (note 18)	(841)	(1,069)
Movement in fair value of derivative balance (note 17)	6,098	(6,939)
	<u>6,208</u>	<u>(6,772)</u>

### 7. TAX ON PROFIT

	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000
<b>Current tax</b>		
UK corporation tax at 19% (2019: 19%) based on profit for the period	5,995	862
Adjustment in respect of prior periods	0	0
Total current tax charge	<u>5,995</u>	<u>862</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	143	194
Adjustments in respect of prior periods	0	21
Effect of changes in tax rates	104	(109)
Total deferred tax charge/(credit) (note 13)	<u>247</u>	<u>106</u>
<b>Tax on profit</b>	<u>6,242</u>	<u>968</u>

## JOHN DEERE LIMITED

### 7. TAX ON PROFIT (Continued)

The actual tax charge for the period and previous period differ from the standard rate for the reasons set out in the following reconciliation:

	52 week period Ended 1 November 2020 £'000	52 week period Ended 3 November 2019 £'000
Profit before taxation	31,546	4,606
Tax on profit at standard rate of 19% (2019: 19%)	5,994	875
Factors affecting tax charge for the period:		
Expenses not deductible for tax purposes	23	16
Net pension scheme adjustment	121	142
Affect of deferred tax rate changes	104	-
Adjustments in respect of prior periods	-	(65)
Total tax charge for the period	6,242	968

### 8. TANGIBLE ASSETS

	Freehold land & buildings £'000	Plant & machinery £'000	Fixtures, fittings, tools & equipment £'000	Total £'000
<b>Cost</b>				
At 3 November 2019	3,046	1,209	1,155	5,410
Additions	245	87	43	375
Disposals	-	(28)	(44)	(72)
At 1 November 2020	3,291	1,268	1,154	5,713
<b>Accumulated depreciation</b>				
At 3 November 2019	1,901	402	934	3,237
Charge for the period	101	89	94	284
Disposals	-	(29)	(44)	(73)
At 1 November 2020	2,002	462	984	3,448
<b>Net book value</b>				
At 1 November 2020	1,289	805	170	2,264
At 3 November 2019	1,145	807	221	2,173

## JOHN DEERE LIMITED

### 9. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £'000
Cost and net book value at 3 November 2019 and 1 November 2020	10,300

An impairment review is performed on an annual basis and in addition with consideration to the COVID-19 situation an additional review has been completed and in management opinion no impairment is required.

The company's subsidiaries were as follows:

Name of company Subsidiary undertakings	Country of registration (or incorporation and operation)	Registered Office	Holding	Proportion of voting rights and share held	Nature of business
Vapormatic Co Limited*	England and Wales	Kestrel Way, Exeter, EX2 7LA, UK	Ordinary shares	100%	Parts distributor
Vapormatic Co (PTY) Limited	Australia	Company Dissolved	Ordinary shares	100%	Dissolved
Vapormatic de Mexico S.A de CV	Mexico	Acceso V No. 110-A Nave 5. Desarrollo Montaña 2000 Sección III76150. Querétaro, Qro. MÉXICO	Ordinary shares	100%	Parts distributor
Vapormatic SARL	France	Cité Noiret 02250 Marle, France	Ordinary shares	100%	Parts distributor
Vapormatic Co Limited	Ireland	168 Walkinstown Road, Dublin 12, Ireland	Ordinary shares	100%	Parts distributor
Services Administrativos Vapormatic S.A. de CV	Mexico	Acceso V No. 110-A Nave 5. Desarrollo Montaña 2000 Sección III76150. Querétaro, Qro. MÉXICO	Ordinary shares	100%	Dormant
Vapormatic NZ Limited	New Zealand	111 Higgins Road Frankton Hamilton 3242 New Zealand	Ordinary shares	100%	Parts distributor
Vapormatic S.A.	Spain	Calle Industria, 574 – 576, 08918 Badalona, Barcelona, Spain	Ordinary shares	100%	Parts distributor
Vapormatic UK Limited	England and Wales	Kestrel Way, Exeter, EX2 7LA	Ordinary shares	100%	Parts distributor
Vapormatic Europe Limited	England and Wales	Kestrel Way, Exeter, EX2 7LA	Ordinary shares	100%	Parts distributor

\*indicates direct  
shareholding.

# JOHN DEERE LIMITED

## 10. STOCKS

	1 November 2020 £'000	3 November 2019 £'000
Finished goods	23,761	27,689

There is no material difference between the balance sheet value of stocks and their replacement cost.

## 11. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	1 November 2020 £'000	3 November 2019 £'000
Other debtors	3,025	358
Corporation tax	558	321
Deferred tax asset (note 13)	-	-
Trade debtors	979	115
Amounts due from group companies	104,793	56,980
Derivative financial instruments (note 17)	2,678	270
	<u>112,033</u>	<u>58,044</u>

Amounts due from group companies are all repayable on demand. Interest is paid on overdue amounts.

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 November 2020 £'000	3 November 2019 £'000
Trade creditors	3,641	3,294
Amounts owed to group undertakings	15,736	8,081
Corporation tax	-	-
Deferred tax (note 13)	808	884
Other taxation and social security	11,865	1,762
Accruals	43,984	34,056
Warranty provision (note 16)	25,336	26,496
Derivative financial instruments (note 17)	1,300	4,990
	<u>102,670</u>	<u>79,563</u>

The accruals total has expanded to include additional details when compared to the previous financial statements.

Amounts owed to group companies are unsecured, all repayable on demand and accrue no interest.

## JOHN DEERE LIMITED

### 13. DEFERRED TAXATION

	1 November 2020 £'000	3 November 2019 £'000
Asset/(liability) at start of period	(884)	(1,012)
Profit and loss account (credit)/charge for prior period (note 7)	-	(21)
Profit and loss account (credit)/charge for the period (note 7)	(247)	(85)
Other comprehensive income	323	234
	<u>(808)</u>	<u>(884)</u>
(Liability)/Asset at end of period (note 12).		

The amount of deferred taxation provided in the financial statements is as follows:

	1 November 2020 £'000	3 November 2019 £'000
Accelerated capital allowances	111	95
Short-term timing differences	(156)	(119)
Deferred tax on pension asset/(liability)	853	908
	<u>808</u>	<u>884</u>

There are no unprovided deferred tax balances in either the current or prior period. Deferred tax is not provided where there is uncertainty over the recovery of the asset. Tax expected to be recoverable from reversal of short-term timing differences, accelerated capital allowances and future pension contributions has been provided.

### 14. CALLED UP SHARE CAPITAL AND RESERVES

	1 November 2020 £'000	3 November 2019 £'000
Issued, allotted and fully paid 5,012,581 ordinary shares of £1 each	<u>5,013</u>	<u>5,013</u>

The company has one class of ordinary share which carries no right to fixed income.

The company's other reserves are as follows:

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

## JOHN DEERE LIMITED

### 15. OPERATING LEASE COMMITMENTS

At 1 November 2020 total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	1 November 2020	3 November 2019	1 November 2020	3 November 2019
	£'000	£'000	£'000	£'000
- within one year	-	-	211	198
- between one and five years	1,318	1,318	39	125
	<u>1,318</u>	<u>1,318</u>	<u>249</u>	<u>323</u>

### 16. WARRANTY PROVISION

	Current 2020 £'000	2019 £'000
Liability at start of year	26,496	24,477
Utilised during the year	(5,121)	(4,288)
Additional contracts taken out during the year	5,730	6,438
Change in loss provision during the year	(1,769)	(131)
	<u>25,336</u>	<u>26,496</u>

The warranty provision is calculated with assistance from actuaries based on the current profit/loss ratio of the programme. The current estimate of the loss ratio is 156% (2019 – 165%). Whilst the provisions are expected to be utilised within one year, there is uncertainty over timing.

### 17. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Current 2020 £'000	2019 £'000
<b>Derivatives that are carried at fair value</b>		
<b>Assets</b>		
Forward foreign currency contracts (note 11)	2,678	270
	<u>2,678</u>	<u>270</u>
<b>Liabilities</b>		
Forward foreign currency contracts (note 12)	1,300	4,990
	<u>1,300</u>	<u>4,990</u>

The company has entered into contracts to purchase goods from suppliers in Europe and the USA. The company has entered into forward foreign currency contracts to reduce the exchange rate risk arising from these anticipated future transactions.

As a qualifying entity as defined under FRS 102 section 1 "Scope of FRS 102" the company has taken advantage of the exemption to disclose the requirements of FRS 102 Section 11 "Basic Financial Instruments" and FRS 102 Section 12 "Other Financial Instrument Issues" on the basis that equivalent disclosures are included in the consolidated financial statements of Deere & Company, a company registered in the United States of America.

## JOHN DEERE LIMITED

### 18. PENSIONS

The company operates a defined benefit scheme for all qualifying employees. The assets of the scheme are held in separate trustee administered funds. The scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 31 October 2017, using the projected unit credit method, in which the actuarial liability makes allowances for projected earnings. The major assumptions used for the actuarial valuation were:

	1 November 2020	3 November 2019
Discount rate	1.75%	2.00%
Inflation rate	2.80%	2.60%
Increases to pensions in payment	2.70%	2.55%
Salary increases	3.60%	3.65%

#### Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowances for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at:	
	1 November 2020	3 November 2019
<b>Retiring today:</b>		
Male	23.7	23.7
Female	24.8	24.7
<b>Retiring in 20 years:</b>		
Male	25.5	25.6
Female	26.8	26.8

# JOHN DEERE LIMITED

## 18. PENSIONS (Continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Inflation	Increase/decrease by 0.1%	Increase/decrease by 2%
Rate of discount	Increase/decrease by 0.1%	Decrease/increase by 2%
Pension in payment increases	Increase/decrease by 0.1%	Increase/decrease by 1.9%
Mortality rates	Increase by 1 year	Increase by 2.5%

The assets in the pension scheme and the expected rate of return were:

	Value at 1 November 2020 £'000	Value at 3 November 2019 £'000	Value at 28 October 2018 £'000
Equities	-	-	4,755
Bonds and cash	54,447	51,396	40,875
Total market value of assets	54,447	51,396	45,630
Present value of scheme liabilities	(49,954)	(46,052)	(39,806)
Asset/(deficit) in the scheme	4,493	5,344	5,824
Related deferred tax (liability)/asset	(853)	(908)	(1,107)
Net pension surplus/(liability)	3,639	4,436	4,717

	2020 £'000	2019 £'000
Analysis of the amount charged to operating profit		
Current service cost	805	832
Analysis of the amounts (debited)/credited to other finance income		
Expected return on pension scheme assets	951	1,236
Interest on pension scheme liabilities	(841)	(1,069)
Net finance income/(expense)	110	167
Analysis of the amount recognised in statement of other comprehensive income		
Return on plan assets	2,290	4,286
Changes in assumptions	(3,355)	(4,768)
Actuarial (loss)/gain recognised in other comprehensive income	(1,065)	(482)

## JOHN DEERE LIMITED

### 18. PENSIONS (Continued)

The actual return on scheme assets was £3,241,000 (2019: £5,522,000).

	2020 £'000	2019 £'000
<b>Movements in the fair value of scheme assets were as follows:</b>		
At 3 November 2019	51,396	45,630
Employer contributions	908	947
Members' contributions	173	187
Expected return on assets	2,290	4,286
Actuarial gains	-	-
Interest income	951	1,236
Benefits paid	(1,271)	(890)
At 1 November 2020	54,447	51,396
<b>Movements in the present value of defined benefit obligations were as follows:</b>		
At 3 November 2019	46,052	40,086
Service cost	805	832
Interest cost	841	1,069
Members' contributions	173	187
Benefits paid	(1,272)	(890)
Actuarial gain/(loss)	3,355	4,768
At 1 November 2020	49,954	46,052

Following the Lloyds GPM equalisation case an estimate has been prepared with a calculated impact of 0.70% of liabilities with a £279k increase in benefit obligation. This has not been included in the above figures due to timing of the completion of the work and the materiality of any adjustment required.

### 19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 102 Section 33 Paragraph 1a) not to disclose transactions with wholly owned group companies

### 20. ULTIMATE PARENT COMPANY

In the opinion of the directors, the immediate and ultimate parent company and controlling party is Deere & Company, a company incorporated in the United States of America. Copies of the consolidated financial statements of Deere & Company, which is both the smallest and largest group for which consolidated financial statements are prepared, may be obtained from John Deere Limited, Langar, Nottingham NG13 9HT.

### 21. SUBSEQUENT EVENTS

A dividend of £40,000,000 was paid in August 2021