John Deere Financial Limited

ACN 078 714 646

Annual report for the financial year ended 31 October 2013

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Directors' report

The directors of John Deere Financial Limited (JDFL), a subsidiary of John Deere Capital Corporation (USA) and part of the John Deere Financial division of Deere & Company (USA), submit herewith the annual financial statements of the company for the financial year ended 31 October 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Directors

Daniel C. McCabe – resigned on 1 November 2013
Chairman
Age 60: Joined the Board in 2012 and named Chairman. Current position with John Deere Financial is Senior Vice President, Sales and Marketing - United States, Canada, Australia & New Zealand. Thirty-nine years experience with Deere & Co in various executive and management roles. Graduate of University of Wisconsin, Platteville with a Bachelor Degree in Accountancy.

Phillip J. Stanley
Managing Director
Age 45: Joined the board in 2006. Fourteen years' experience with JDFL in various positions including sales and marketing, wholesale operations and customer management. Graduate of the University of Southern Queensland with Bachelor Degree in Business.

Mark R. Ferres
Director/Company Secretary
Age 48: Joined the Board in 2007. Nine years experience with JDFL and previously a partner with Deloitte in Zimbabwe. Graduate of the University of South Africa with Bachelor Accounting Science Degree and a member of the Australian Institute of Chartered Accountants.

Peter Wanckel
Director
Age 56: Joined the Board in 2012. Current position is Managing Director for John Deere Limited (Australia and New Zealand). Responsible for general management of John Deere's Ag & Turf and Power Systems business in the region. Thirty years experience in operational and management positions in public accounting and commercial organisations. Graduate of the University of Witwatersrand with Bachelor of Commerce and Accounting Degrees and a member of the Australian Institute of Chartered Accountants.

The above named directors held office during and since the end of the financial year.

Information about the remuneration of directors and senior management is set out in note 4 of the financial statements.

Principal activities

The company's principal activity in the course of the financial year was the financing of new and used John Deere equipment through the John Deere Dealer network. During the year, there was no significant change in the nature of this activity.

Review of operations

Favourable conditions in the agricultural market, coupled with continued low interest rates, resulted in 2013 being another record year for JDFL. Strong retail volumes saw further growth in our portfolio which remained above $1 billion throughout the year. Despite this growth, portfolio quality remained exceptionally strong, with bad debts for the year only $35 thousand, an outstanding result.

This favourable business environment meant a record net profit after tax for the year of $30,678 thousand compared to $22,250 thousand in 2012.

JDFL continued to have access to domestic and international financial markets for its funding requirements as well as access to loans from Deere subsidiary companies. Although the Australian market became more competitive in 2013, it continued to remain more expensive when compared with other funding options available to JDFL. Consequently no debt issuances were made in the local market in 2013 with Commercial Paper funding continuing to be sourced out of the USA together with loans from related parties.

JDFL remains focused on supporting the sale of agricultural, commercial and consumer equipment for John Deere dealers. The outlook in both retail and wholesale business remains positive and we continue to evaluate business opportunities that support this focus while meeting our profitability targets.

Changes in state of affairs

During the financial year there was no significant change in the state of affairs of the company.

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year, which has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Dividends

A dividend of $26,000 thousand was declared and paid in the financial year ended 31 October 2013 (2012: $20,800 thousand).

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Indemnification of officers and auditors

During the financial year, Deere & Company on behalf of itself and its subsidiaries paid a premium in respect of an insurance policy that protects the officers of John Deere Financial Limited against certain liabilities incurred as such officer. The insurance premium for this coverage was paid entirely by Deere & Company.

The company has not otherwise, during or since the financial year indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 2 board meetings were held.

	Board of directors	
Directors	Held	Attended
Daniel C McCabe	2	2
Phillip J Stanley	2	2
Mark R Ferres	2	2
Peter Wanckel	2	2

Key management personnel details

The key management personnel of John Deere Financial Limited during the year were:

- Daniel C McCabe (Chairman) – resigned on 1 November 2013
- Phillip J Stanley (Managing Director)
- Mark R Ferres (Controller & Director)
- Peter Wanckel (Director)
- Mark Saunders (Manager – Credit & Operations)
- Tony Montgomery (Manager – Sales & Marketing)

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the financial statements.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Phillip J Stanley
Managing Director
BRISBANE
20 JANUARY 2014

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
John Deere Financial Limited
166-170 Magnesium Drive
Crestmead QLD 4132

20 January 2014

Dear Board Members

John Deere Financial Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of John Deere Financial Limited.

As lead audit partner for the audit of the financial statements of John Deere Financial Limited for the financial year ended 31 October 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of John Deere Financial Limited

We have audited the accompanying financial report of John Deere Financial Limited, which comprises the statement of financial position as at 31 October 2013, the statement of profit and loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 9 to 52.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of John Deere Financial Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of John Deere Financial Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 31 October 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants
Brisbane, 20 January 2014

Directors' declaration

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company; and
c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Phillip J Stanley
Managing Director
BRISBANE
20 JANUARY 2014

Income statement for the year ended 31 October 2013

	Note	2013 $'000	2012 $'000
Revenue	2	78,248	78,238
Other income	2	48	-
Employee benefits expense	2	(6,461)	(6,316)
Depreciation and amortisation expense	2	(60)	(46)
Finance costs	2	(26,871)	(37,828)
Professional fees		(376)	(275)
Other expenses		(704)	(2,029)
Profit before income tax expense	3	43,824	31,744
Income tax expense		(13,146)	(9,494)
Profit for the year		30,678	22,250

Notes to the financial statements are included on pages 15 to 52.

Statement of comprehensive income for the year ended 31 October 2013

	Note	2013 $'000	2012 $'000
Profit for the year		30,678	22,250
Other comprehensive income			
Exchange differences arising on translations of foreign operations	20	1,147	301
Income tax on items taken directly to equity	3	(344)	(91)
Total comprehensive income for the year		31,481	22,460
Total comprehensive income attributable to:			
Owners of the Company		31,481	22,460

Notes to the financial statements are included on pages 15 to 52.

Statement of financial position at 31 October 2013

	Note	2013 $'000	2012 $'000
Assets			
Cash and cash equivalents	27(a)	15,908	18,379
Loans, advances and other receivables	6,10	1,063,719	1,022,432
Non-current assets classified as held for sale	9	445	-
Other financial assets	7	914	691
Other current assets	8	10,320	48,079
Other Non current assets	12	9	11
Plant and equipment	11	336	83
Deferred tax assets	3(d)	1,824	4,868
Total assets		1,093,475	1,094,543
Liabilities			
Trade and other payables	13	4,724	3,136
Borrowings	14,17	944,539	955,986
Other financial liabilities	15	17,073	9,960
Current tax payables	3(c)	2,865	6,600
Provisions	16	1,597	1,665
Total liabilities		970,798	977,347
Net assets		122,677	117,196
Equity			
Issued capital	19	41,600	41,600
Reserves	20	3,762	2,960
Retained earnings	21	77,315	72,636
Total equity		122,677	117,196

Notes to the financial statements are included on pages 15 to 52.

The balance sheet presentation has been changed from current & non-current to the liquidity basis.

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

	Share capital	General reserve	Foreign currency translation reserve	Retained earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 November 2011	41,600	3,010	(458)	71,384	115,536
Profit for the year				22,250	22,250
Transfer of general reserve		198		(198)	-
Exchange differences arising on translations of foreign operations			301		301
Income tax on items taken directly to equity			(91)		(91)
Payment of dividends				(20,800)	(20,800)
Total comprehensive income for the year	-	198	210	1,252	1,660
Balance at 31 October 2012	41,600	3,208	(248)	72,636	117,196
Profit for the year				30,678	30,678
Transfer of general reserve		(1)		1	-
Exchange differences arising on translations of foreign operations			1,147		1,147
Income tax on items taken directly to equity			(344)		(344)
Payment of dividends				(26,000)	(26,000)
Total comprehensive income for the year	-	(1)	803	4,679	5,481
Balance at 31 October 2013	41,600	3,207	555	77,315	122,677

Notes to the financial statements are included on pages 15 to 52.

Statement of cash flows for the year ended 31 October 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Net receipts from/(payments to) customers		35,355	(77,179)
Payments to suppliers and employees		(6,857)	(11,684)
Interest paid		(26,871)	(37,828)
Income tax paid		(13,837)	(11,358)
Net cash provided used in operating activities	27(c)	(12,210)	(138,049)
Cash flows from investing activities			
Interest received		529	696
Net proceeds/(repayments) to related parties		39,768	(34,106)
Proceeds from sale of plant and equipment		48	-
Payment for plant and equipment and intangible assets		(313)	(62)
Net cash provided by/ (used in) investing activities		40,032	(33,472)
Cash flows from financing activities			
Proceed from / (payments to) related parties		46	(4,220)
Proceed from medium term note		803	211
Net (repayments on)/proceeds from commercial paper and borrowings from parent		(12,032)	200,774
Net proceeds/(repayments) from derivative contracts		6,890	(2,742)
Dividend paid to parent	22	(26,000)	(20,800)
Net cash (used in)/provided by financing activities		(30,293)	173,223
Net (decrease)/increase in cash and cash equivalents		(2,471)	1,702
Cash and cash equivalents at the beginning of the financial year		18,379	16,677
Cash and cash equivalents at the end of the financial year	27(a)	15,908	18,379

Notes to the financial statements are included on pages 15 to 52.

Notes to the financial statements

1. Summary of accounting policies

General information
John Deere Financial Limited is an unlisted public company, incorporated and operating in Australia. The company changed its name from John Deere Credit Limited to John Deere Financial Limited on 1 November 2011 and is profit oriented.

Registered office and principal place of business
166-170 Magnesium Drive, Crestmead, QLD

Statement of compliance
The financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 20 January 2014.

Basis of preparation
The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Change in classification and presentation
During 2013, management has reassessed the appropriateness of the classification and presentation of the items in its balance sheet. As a result, the balance sheet presentation has been changed from current/non-current to the liquidity basis as management considers such presentation is more appropriate and relevant to the users of the financial statements.

Critical accounting judgements and key sources of estimation uncertainty
In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1. Summary of accounting policies (cont'd)

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 October 2013, and the comparative information presented in these financial statements for the year ended 31 October 2012.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of financial assets
Details of assumptions used are provided in notes 1(e) and 1(m).

General reserve for credit loss
Details of assumptions used are provided in notes 1(e) and 20.

Fair value of derivatives and other financial instruments
As described in notes 1(c) and 29, management uses their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of assumptions used and of the end results of sensitivity analyses regarding these assumptions are provided in notes 1(c) and 28.

Adoption of new and revised Accounting Standards
In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements:

- AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets', effective for annual reporting periods beginning on or after 1 January 2012.
- AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income', effective for annual reporting periods beginning on or after 1 July 2012.
- AASB 2011-3 'Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments', effective for annual reporting periods beginning on or after 1 July 2012.
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements effective for annual reporting periods beginning on or after 1 July 2013.

1. Summary of accounting policies (cont'd)

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

- AASB 9 'Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9', effective for annual reporting periods beginning on or after 1 January 2015.
- AASB 1053 'Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements', effective for annual reporting periods beginning on or after 1 July 2013.
- AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards Income', effective for annual reporting periods beginning on or after 1 January 2013.
- AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements', effective for annual reporting periods beginning on or after 1 July 2013.
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements', effective for annual reporting periods beginning on or after 1 July 2013.
- AASB 12 Disclosure of Interests in Other Entities, effective for annual reporting periods beginning on or after 1 January 2013.
- AASB 127 Separate Financial Statements (2011), effective for annual reporting periods beginning on or after 1 January 2013.
- AASB 13 Fair Value Measurement and relates AASB 2011-8 Amendments to Accounting Standards arising from AASB 13 effective for annual reporting periods beginning on or after 1 January 2013.
- AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) effective for annual reporting periods beginning on or after 1 January 2013.
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7) effective for annual reporting periods beginning on or after 1 January 2013.
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132) effective for annual reporting periods beginning on or after 1 January 2014.

These Standards and Interpretations will be first applied in the financial statements of the Company that relates to the annual reporting period beginning after the effective date of each pronouncement. The potential effect of the revised Standards/Interpretations on the company's financial statements has not yet been determined.

1. Summary of accounting policies (cont'd)

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

a) Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

b) Borrowings
Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an accruals basis.

c) Derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 29 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit or loss.

Foreign exchange contracts
Exchange differences on forward foreign exchange contracts to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale provided that they qualify for cash flow hedge accounting.

In the event of the early termination of a foreign currency hedge of an anticipated purchase or sale of goods and services, the deferred gains and losses that arose on the foreign exchange contract prior to its termination is:

1. Summary of accounting policies (cont'd)

- deferred and included in the measurement of the purchase or sale when it takes place, where the anticipated transaction is still expected to occur; or
- recognised in net profit or loss at the date of termination, if the anticipated transaction is no longer expected to occur.

Interest rate swaps
Gains and losses on interest rate swaps are included in the determination of interest expense.

d) Employee benefits
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans
For defined benefit superannuation plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the income statement, in the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

e) Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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

The effective interest rate method
The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future

1. Summary of accounting policies (cont'd)

cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Impairment of financial assets
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

f) Financial instruments issued by the company
Debt and equity instruments
Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest and dividends
Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

g) Foreign currency
Foreign currency transactions
All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer note 1(c)).

1. Summary of accounting policies (cont'd)

The assets and liabilities of the company's foreign operations (including comparatives) are translated into Australian dollars at exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are classified as equity and transferred to the company's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

i) Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-

1. Summary of accounting policies (cont'd)

generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Income tax

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on branches, except where the company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

1. Summary of accounting policies (cont'd)

j) Intangible assets
Internally-generated intangible assets are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

- Capitalised development cost 3 years

k) Leased assets
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Company as lessor
Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease income is allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Company as lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

l) Plant and equipment
Plant and equipment, are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment 3 to 20 years

1. Summary of accounting policies (cont'd)

m) Provisions

Provisions are recognised when the company has a present obligation, as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

<u>Financial services</u>

Revenue from the provision of financial services is recognised on a yield to maturity basis on individual contracts.

<u>Interest revenue</u>

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

	2013 $'000	2012 $'000
2 Profit from operations		
(a) Revenue		
Revenue from continuing operations consisted of the following items:		
Interest revenue from loans and receivables:		
Loans and leases	43,318	43,145
Interest subsidy from related parties	33,527	33,541
Other	529	696
	77,374	77,382
Operating lease rental revenue	510	435
Other	364	421
	78,248	78,238
(b) Profit before income tax		
Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:		
Gain on disposal of plant and equipment	48	-
	48	-
Net foreign exchange (loss)/gain	1,047	(114)
	1,095	(114)
Profit before income tax has been arrived at after charging the following expenses from continuing operations:		
Finance costs:		
Interest on borrowings	(23,004)	(15,385)
Interest on related party loans	(2,724)	(15,593)
	(25,728)	(30,978)
Change in fair value of pay fixed swaps	(973)	(6,678)
Total interest expense	(26,701)	(37,656)
Other finance costs	(170)	(172)
	(26,871)	(37,828)
Net bad and doubtful debts written off arising from:		
Other entities	(35)	(55)
Depreciation and amortisation of non-current assets	(60)	(46)
Operating lease rental expenses:		
Minimum lease payments	(121)	(131)
Employee benefit expense:		
Post employment benefits:		
Defined contribution plans	(531)	(499)
Defined benefit plans	(40)	(63)
	(571)	(562)
Other employee benefits	(5,890)	(5,754)
	(6,461)	(6,316)

	2013 $'000	2012 $'000
3 Income taxes		
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current tax expense/(benefit)	15,845	6,550
Deferred tax expense relating to the origination and reversal of temporary differences	(2,700)	2,944
Total tax expense	13,145	9,494
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from operations	43,824	31,744
Income tax expense calculated at 30%	13,147	9,523
Non-deductible expenses	-	-
Other	-	(56)
	13,147	9,467
Under/(over) provision of income tax in previous year	(2)	27
	13,145	9,494
(b) Income tax recognised directly in equity		
Deferred tax		
The following current and deferred amounts were charged directly to equity during the period:		
Tax on foreign currency translation	344	91
	344	91
(c) Current tax liabilities		
Current tax payables:		
Income tax payable	2,865	6,600
	2,865	6,600
(d) Deferred tax balances		
Deferred tax assets comprise:		
Temporary differences	1,824	4,868
	1,824	4,868

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the Australian corporate tax rate when compared with the previous reporting period. Effective from 1st November 2010, the New Zealand corporate tax rate for future income tax benefits was reduced to 28%.

3 Income taxes (cont'd)

2013	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Recycled from equity to income $'000	Closing balance $'000
Gross deferred tax liabilities:					
Plant and equipment	(1,109)	(600)	-	-	(1,709)
Other assets	38	(77)	-	-	(39)
	(1,071)	(677)	-	-	(1,748)
Gross deferred tax assets:					
Loans and other receivables	2,446	870	-	-	3,316
Accounts payable	130	76	-	-	206
Interest bearing liabilities	620	(1,783)	-	-	(1,163)
Provisions	485	37	-	-	522
Other liabilities	2,152	(1,223)	-	-	929
Foreign currency translations	106	-	(344)	-	(238)
	5,939	(2,023)	(344)	-	3,572
	4,868	(2,700)	(344)	-	1,824

2012	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Recycled from equity to income $'000	Closing balance $'000
Gross deferred tax liabilities:					
Plant and equipment	(1,032)	(77)	-	-	(1,109)
Other assets	8	30	-	-	38
	(1,024)	(47)	-	-	(1,071)
Gross deferred tax assets:					
Loans and other receivables	1,451	995	-	-	2,446
Accounts payable	88	42	-	-	130
Interest bearing liabilities	(314)	934	-	-	620
Provisions	482	3	-	-	485
Other liabilities	1,133	1,019	-	-	2,152
Foreign currency translations	197		(91)	-	106
	3,037	2,993	(91)	-	5,939
	2,013	2,946	(91)	-	4,868

	2013	2012
4 Key management personnel compensation	$	$
The aggregate compensation of the key management of the company is set out as below:		
Short-term employee benefits	1,497,112	1,666,757
Post-employement benefits	173,634	120,165
	1,670,746	1,786,922

Remuneration relates to Director's in their capacity as Directors of the Deere Group in Australia
The Directors and other members of key management personnel of John Deere Financial Limited during the year were:

- Daniel C McCabe (Chairman)
- Phillip J Stanley (Managing Director)
- Mark R Ferres (Director & Controller)
- Peter Wanckel (Director)
- Mark Saunders (Manager – Credit & Ops)
- Tony Montgomery (Manager – Sales & Marketing)

	2013	2012
5 Remuneration of auditors	$	$
Audit of the company		
Audit of the company financial report	159,908	146,969
EMTN program	29,500	27,500
	189,408	174,469

The auditor of John Deere Financial Limited is Deloitte Touche Tohmatsu.

	2013	2012
	$'000	**$'000**
6 Current loans, advances and other receivables		
At amortised cost:		
Loans (i)	279,039	253,609
Finance lease receivables (i) (note 23)	11,198	8,457
Operating lease receivables (i) (note 23)	653	534
Wholesale loans (ii)	306,000	320,615
Related parties	9,040	10,993
	605,930	594,208

i) All interest bearing receivables earn interest at market rates. Loans, finance and operating lease receivables earn interest at a fixed rate. The Fixed rate loans have a maturity not exceeding 6 years.
ii) Wholesale loans earn interest at a variable rate.

	2013	2012
Included above are the below amounts past due.	**$'000**	**$'000**
<u>Ageing of past due but not impaired</u>		
60 - 90 days	25	245
90 - 120 days	947	1,326
Total	972	1,571

6 Current loans, advances and other receivables (cont'd)

In determining the recoverability of loans, advances and other receivables, the company considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and geographically diverse. The credit quality of the customer base in the current year remained unchanged and write-offs are nominal. Accordingly, the directors believe that no allowance for credit loss is required. The company holds the related equipment as collateral over these balances.

	2013 $'000	2012 $'000
7 Other current financial assets		
At fair value through profit and loss:		
Foreign currency forward contracts	738	678
Interest rate swaps	176	13
	914	691
8 Other current assets		
Deferred incentive payments	13	16
Prepayments	144	192
Net asset arising from defined benefit obligations (note 18)	107	-
Receivables from related parties (i) at amortised cost	10,056	47,871
	10,320	48,079

(i) No interest is charged on current receivables from related parties.

	2013 $'000	2012 $'000
9 Non-current assets classified as held for sale		
Repossessed equipment held for sale *	445	-
	445	-

* Repossessed equipment held for sale is part of the assets for retail segment in note 25

	2013 $'000	2012 $'000
10 Non-current loans, advances and other receivables		
At amortised cost:		
Loans	447,646	418,538
Finance lease receivable (note 23)	9,230	8,895
Operating lease receivable (note 23)	913	791
	457,789	428,224

Please refer to note 6 for further details on loans and receivables.
Financing receivables loan installments, including unearned finance income are scheduled as follows:

	2013 $'000	2012 $'000
Due in years:		
1-2 years	200,443	187,979
2-3 years	134,045	126,152
3-4 years	75,162	69,593
4-5 years	32,709	29,338
5+ years	5,287	5,476
	447,646	418,538

11 Plant and equipment

	$'000
Gross carrying amount	
Balance at 31 October 2011	350
Additions	69
Disposals	(168)
Balance at 31 October 2012	251
Gross carrying amount	
Balance at 31 October 2012	251
Additions	313
Disposals	(62)
Balance at 31 October 2013	502
Accumulated depreciation/amortisation and impairment	
Balance at 31 October 2011	283
Disposals	(162)
Depreciation expense	47
Balance at 31 October 2012	168
Accumulated depreciation/amortisation and impairment	
Balance at 31 October 2012	168
Disposals	(62)
Depreciation expense	60
Balance at 31 October 2013	166
Net book value	
As at 31 October 2011	67
As at 31 October 2012	83
As at 31 October 2013	336

Aggregate depreciation during the year is recognised as an expense and disclosed in Note 2 to the financial statements.

	2013 $'000	2012 $'000
12 Other non-current assets		
Deferred incentive payments	9	11
	9	11
13 Current trade and other payables (i)		
At amortised cost:		
Trade payables and accruals	2,826	2,707
Goods and services tax (GST) payable	1,462	39
Related parties	437	390
	4,725	3,136

(i) No interest is charged on current trade and other payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

	2013 $'000	2012 $'000
14 Current borrowings		
Unsecured at amortised cost:		
Payable to parent (i)	-	338,226
Payable to related parties (ii)	73,003	-
	73,003	338,226
Secured at amortised cost:		
Commercial paper (iii), (iv)	860,331	607,081
	860,331	607,081
	933,334	945,307

(i) Amounts repayable to the parent company. Fixed interest of 3.11%p.a. - 3.51%p.a. is charged on the outstanding loan balances in 2013

(ii) Amounts repayable to related parties of the company. Fixed interest of 2.52%p.a. - 2.81%p.a. is charged on the outstanding loan balances in 2013

(iii) Guaranteed by John Deere Capital Corporation

(iv) Commercial paper with fixed interest rates were issued in 2013. The current weighted average interest rate on commercial paper is 0.17%p.a. (2012: 0.17%p.a.).

	2013 $'000	2012 $'000
15 Other current financial liabilities		
At fair value through profit and loss:		
Foreign currency forward contracts	13,225	2,570
Interest rate swaps	3,848	7,390
	17,073	9,960
16 Current & non-current provisions		
Employee benefits (see below)	1,597	1,512
Net liability arising from defined benefit obligations (note 18)	-	152
	1,597	1,664
Current	1,167	1,235
Non current	430	429
	1,597	1,664

	Employee Benefits $'000
Balance as at 1 November 2012	1,664
Additional provisions recognised	649
Reductions arising from payments	(716)
Unused amounts reversed	-
Other	-
	1,597

	2013 $'000	2012 $'000
17 Non-current borrowings		
Unsecured		
Withholdings from dealers (i)	11,205	10,679
	11,205	10,679

(i) See note 28(g) for terms and conditions

18 Defined benefit superannuation plans

The company operates a defined benefit superannuation plan for certain John Deere Financial Limited employees.

The defined benefit superannuation plan is a funded plan. The net asset/(liability) determined in the plan's most recent financial statements, was $107,000 asset (2012: $152,000 liability). The plan actuaries recommended changing the contributions from 0% to 9% from 1 April 2009. The company has adjusted contributions as recommended by the plan's actuary. Funding recommendations are made by the actuaries based on their forecast of various matters, including future plan assets performance, interest rates, and salary increases. Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The plan is closed to new members.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 October 2013 (2012: 31 October 2012) by Ashley Palmer, Fellow of the Institute of Actuaries in Australia. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The company expects to make a contribution of $29,000 to the defined benefit plan during the next financial year.

The company may at any time by notice to the trustee terminate its contributions. The company has a liability to pay the contributions due prior to the effective date of the notice, but there is no requirement for the company to pay any further contributions, irrespective of the financial condition of the plan.

	2013 %	2012 %
Key assumptions used (expressed as weighted averages):		
Discount rate	3.6	2.8
Expected return on plan assets	3.6	5.8
Expected rate of salary increase	4.0	3.5

	2013 $'000	2012 $'000
Amounts recognised in income statement in respect of the defined benefit plan is as follows:		
Current service cost	62	54
Interest on obligation	26	34
Expected return on plan assets	(47)	(50)
Actuarial loss/(gain) recognised in the year	(191)	124
Other charges	(69)	-
Total included in employee benefit expense	(219)	162

18 Defined benefit superannuation plans (cont'd)

	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000
The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit plan is as follows:					
Present value of funded defined benefit obligations	570	953	757	964	799
Fair value of plan assets	(677)	(801)	(704)	(829)	(693)
Deficit/(Surplus) in plan	(107)	152	53	135	106
Net liability/(Asset) arising from defined benefit obligations	(107)	152	53	135	106
Included in the balance sheet:					
Current provision for employee benefits (note 8, 16):					
Defined benefit obligations	(107)	152			
Net liability arising from defined benefit obligations	(107)	152			

The fair value of plan assets includes no amounts relating to:
- any of the company's own financial instruments
- any property occupied by, or other assets used by, the company

	2013 $'000	2012 $'000
Movements in the present value of the defined benefit obligations in the current period were as follows:		
Opening defined benefit obligation	953	757
Current service cost	62	54
Interest cost	26	34
Contributions from plan participants	16	25
Actuarial gains	(187)	124
Benefits paid	-	(21)
Taxes, premiums & expenses paid	(11)	(20)
Settlements	(289)	
Closing defined benefit obligation	570	953
Movements in the present value of the plan assets in the current period were as follows:		
Opening fair value of plan assets	801	704
Expected return on plan assets	47	50
Actuarial gains/(losses)	73	-
Contributions from the employer	40	63
Contributions from plan participants	16	25
Benefits paid	-	(21)
Taxes, premiums & expenses paid	(11)	(20)
Settlements	(289)	
Closing fair value of plan assets	677	801

18 Defined benefit superannuation plans (cont'd)

The percentage of plan assets invested in each class at the balance sheet date:	2013 %	2012 %	Fair value of plan assets 2013 $'000	2012 $'000
Australian equity	24%	24%	162	192
International equity	28%	28%	190	224
Fixed income	23%	20%	156	160
Property	15%	10%	102	80
Alternatives/Other	7%	15%	47	120
Cash	3%	3%	20	25
	100.0%	100.0%	677	801
Weighted average expected return	5.7%	5.8%		

The expected return on assets assumption is determined by weighting the expected long term return for each asset class by the target allocation of assets to each asset class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of investment tax and investment fees.

The actual return on plan assets was positive $120 thousand (2012: negative $24 thousand).

	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000
The history of experience adjustments is as follows:					
Experience adjustments (gain)/loss on plan liabilities	(159)	(8)	(143)	11	6
Experience adjustments (gain)/loss on plan assets	(73)	-	81	8	(11)

19 Issued capital

	2013 $'000	2012 $'000
41,600,005 fully paid ordinary shares (2012: 41,600,005)	41,600	41,600
	41,600	41,600

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value. During the financial year, the company did not issue shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

		2013 $'000	2012 $'000
20	**Reserves**		
	General reserve for credit loss	3,207	3,208
	Foreign currency translation reserve	555	(248)
		3,762	2,960
	General reserve for credit loss	-	
	Balance at beginning of financial year	3,208	3,010
	Transfer from retained earnings	(1)	198
	Balance at end of financial year	3,207	3,208

General reserve for credit loss has been made for risks inherent in any lending. The level of general reserve for credit loss is determined having regard to collection experience, economic conditions and credit risk quality.

	2013 $'000	2012 $'000
Foreign currency translation reserve		
Balance at beginning of financial year	(248)	(458)
Translation of foreign operations	1,147	301
Deferred tax arising from translation	(344)	(91)
Balance at end of financial year	555	(248)

Exchange differences relating to the translation from the functional currency of the company's foreign controlled entity into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

		2013 $'000	2012 $'000
21	**Retained earnings**		
	Balance at beginning of financial year	72,636	71,384
	Net profit/(loss)	30,678	22,250
	Dividend payment (see note 22)	(26,000)	(20,800)
	Transfer to general reserve for credit losses	1	(198)
	Balance at end of financial year	77,315	72,636
22	**Dividends**		
	Fully franked	26,000	20,800
		26,000	20,800

On the 3rd April 2013, the directors declared a fully franked dividend of $15 million to be paid on the 17th April 2013.

On the 28th August 2013, the directors declared a fully franked dividend of $11 million to be paid on the 23rd October 2013.

	2013 $'000	2012 $'000
Adjusted franking account balance	28,112	27,009
	28,112	27,009

23 Leases

Disclosures for lessees

Operating leases - Leasing arrangements

Leasing of motor vehicles and office equipment.

Non-cancellable operating lease payments	2013 $'000	2012 $'000
Not longer than 1 year	58	89
Longer than 1 year and not longer than 5 years	71	17
	129	106

Disclosures for lessors

Finance leases -Leasing arrangements

John Deere Financial Limited leases the goods to the customer under a Lease Agreement which sets out the residual value of the goods, the term of the lease in months, and the rental.

Finance lease receivable	Minimum future lease receivables		Present value of minimum future lease receivables	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
No later than 1 year	13,520	10,531	11,198	8,457
Later than 1 year and not later than 5 years	11,144	11,075	9,230	8,895
Later than five years	-	-	-	-
Minimum future lease payments*	24,664	21,606	20,428	17,352
Unguaranteed residual	-	-	-	-
Gross finance lease receivables	24,664	21,606	20,428	17,352
Less unearned finance income	4,236	4,254	-	-
	20,428	17,352	20,428	17,352
Included in the financial statements as:				
Current loans, advances and other receivables (note 6)			11,198	8,457
Non-current loans, advances and other receivables (note 10)			9,230	8,895
			20,428	17,352

* Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual.

Operating leases

An Operating Lease is a true rental arrangement, where the customer pays a rental for the use of an asset during the lease period. The asset will be returned to John Deere Financial at the end of the term. JDF will arrange for the re-rental or disposal. The customer has no financial responsibility other than to pay the lease rentals, insurance and maintain the leased asset in a fair market condition.

23 Leases (cont'd)

	2013 $'000	2012 $'000
Non-cancellable operating lease receivables		
Not longer than 1 year (note 6)	653	534
Longer than 1 year and not longer than 5 years (note 10)	913	791
Longer than 5 years	-	-
	1,566	1,325

24 Economic dependency

Most of the company's finance is facilitated by John Deere authorised dealers. The company's parent company John Deere Capital Corporation also provides significant financial support by way of guarantee and other credit facilities.

25 Segment information

The company has adopted AASB 8 'Operating Segments' with effect from 1 November 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Information reported to the company's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focussed on the category of the customer for each type of services (loans and leases) provided by the company. The principal categories of the customer for these services are retail and wholesale.

Segment revenues and results

The following is an analysis of the company's revenue and results from continuing operations by reportable segment.

25 Segment information (cont'd)

	Segment Revenue		Segment profit	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Retail	55,199	55,983	55,247	55,992
Wholesale	22,053	21,281	22,092	21,087
Total for continuing operations	77,252	77,264	77,339	77,079
Other income			997	974
Central administration costs			(7,969)	(8,561)
Finance costs**			(26,871)	(37,828)
Profit before tax (continuing operations) under US GAAP			43,496	31,664
Adjustment due to A-IFRS*			328	80
Profit before tax as per Income Statement			43,824	31,744

* segment financial information is reported to the Chief Operating Decision Maker under US GAAP

** finance costs derived from unallocated liabilities

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2012: Nil).

The accounting policies of the reportable segments are the same as the company's accounting policies described in note 1. Segment profit represents the profit earned by each segment without allocation of other income, central administration costs, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

25 Segment information (cont'd)

Segment assets and liabilities

	2013 $'000	2012 $'000	2011 $'000
Segment assets			
Retail	746,089	687,771	627,595
Wholesale	305,785	341,688	241,798
Total segment assets	1,051,874	1,029,459	869,393
Unallocated	39,810	62,806	27,374
Consolidated assets	1,091,684	1,092,265	896,767
Adjustment due to A-IFRS*	1,791	2,278	4,002
Consolidated assets in the Statement of financial position	1,093,475	1,094,543	900,769
Segment liabilities			
Retail	126	82	77
Wholesale	-	-	4,431
Total segment liabilities	126	82	4,508
Unallocated**	970,863	977,115	778,885
Consolidated liabilities	970,989	977,197	783,393
Adjustment due to A-IFRS*	(191)	150	1,840
Consolidated liabilities in the Statement of financial position	970,798	977,347	785,233

* segment financial information is reported to the Chief Operating Decision Maker under US GAAP

** blended sources of funding to support the operations

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than investments in associates, 'other financial assets' and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than 'other financial liabilities', current and deferred tax liabilities, and 'other' liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Geographical Information

The company operates in two principal geographical areas – Australia and New Zealand.

The company revenue from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below.

25 Segment information (cont'd)

	Revenue from external customers		Non-current assets*	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Australia	70,733	71,761	414,168	392,021
New Zealand	7,515	6,477	43,966	36,297
	78,248	78,238	458,134	428,318

* Non-current assets excluding excluding financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

Information about major customers

Included in revenues arising from Retail of $55.2 million (2012: $55.9 million) are revenues of approximately $17.5 million (2012: $16.3 million) which arose from sales to the company's largest customer.

Included in revenues arising from Wholesale of $22.1 million (2012: $21.2 million) are revenues of approximately $14.6 million (2012: $16.3 million) which arose from sales to the company's largest customer.

26 Related party disclosures

(a) Key management personnel compensation

Details of key management personnel compensation is disclosed in note 4 to the financial statements.

(b) Other transactions with directors

During the financial year, directors and their director-related entities purchased goods, which were domestic or trivial in nature, from the company or related parties on the same terms and conditions available to other employees and customers.

(c) Transactions within the wholly-owned group

Details of interest expense, allowances for doubtful receivables and write-downs of receivables in respect of transactions with entities in the wholly owned group are disclosed in note 2.

Amounts receivable from and payable to entities in the wholly owned group are disclosed in notes 6, 8, 13 and 14 to the financial statements.

(d) Transactions with other related parties

Details of interest expense and allowances for doubtful receivables in respect of transactions with other related parties are disclosed in notes 6, 8 and 15 to the financial statements.

Aggregate amounts receivable from and payable to other related parties are disclosed in notes 6, 8, 13 and 14 to the financial statements.

During the financial year, John Deere Financial Limited rented premises from a related entity at commercial rates totalling $173,040 (2012: $173,040).

(e) Controlling entities

The immediate parent entity is John Deere Capital Corporation incorporated in the USA. The ultimate parent entity is Deere & Co., incorporated in the USA.

	2013 $'000	2012 $'000
27 Note to the Statement of Cash Flows		
(a) Reconciliation of cash and cash equivalents		
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	15,908	18,379
	15,908	18,379
(b) Financing facilities		
Secured bank loan facilities with various maturity dates through to 2013 and which may be extended by mutual agreement:		
- amount used	-	-
- amount unused	1,250,000	1,250,000
	1,250,000	1,250,000
(c) Reconciliation of profit/(loss) for the period to net cash flows from operating activities		
Profit for the period	30,678	22,250
Depreciation and amortisation of non-current assets	60	46
Interest income received and receivable	(529)	(696)
Gain on disposal of non-current assets	(48)	-
<u>(Increase)/Decrease in assets:</u>		
Current receivables	(14,714)	(123,458)
Non-current receivables	(28,966)	(31,278)
Deferred tax balances	3,044	(2,855)
<u>Increase/(Decrease) in liabilities:</u>		
Current tax liability	(3,735)	991
Current payables	2,000	(3,049)
Net cash used in operating activities	(12,210)	(138,049)

28 Financial instruments

(a) Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from the prior reporting period.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 14 and 17, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in notes 19, 20 and 21 respectively.

The company operates in Australia and New Zealand. The company is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the company's finance operations, as well as to make routine outflows of tax, repayment of maturing debt, and payment of occasional dividends.

The company's policy is to borrow as directed by the Treasury Department at Deere & Company, the ultimate parent company, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

Gearing ratio

The Deere & Company's Treasury Department reviews the company's capital structure on a semi-annual basis. The company has a target gearing ratio between 8:1 and 12.5:1 in line with industry norm that is determined as the proportion of net debt to equity. Based on recommendations of Deere & Company's Treasury Department the company will balance its overall capital structure through payment of dividends and issuance of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows:

	2013 $'000	2012 $'000
Financial assets		
Debt (i)	944,539	955,986
Cash and cash equivalents	(15,907)	(18,379)
Net debt	928,632	937,607
Equity (ii)	122,677	117,196
Net debt to equity ratio	7.6	8.0

(i) Debt is defined as long- and short-term borrowings, as detailed in notes 14 and 17.
(ii) Equity includes all capital and reserves.

28 Financial instruments (cont'd)

(b) Financial risk management objectives

Deere & Company's Treasury Department provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk of foreign currency exchange and interest rate, credit risk and liquidity risk.

The company seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives. The company has decided not to apply hedge accounting and consequently the resulting gain or loss is recognised in profit or loss immediately. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

(c) Market risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 28(d)) and interest rates (refer note 28(e)). The company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward foreign exchange contracts to mitigate the risk of changing foreign exchange rates
- Interest rate swaps to mitigate the risk of changing interest rates

The company utilizes the advice of experienced treasury staff at Deere & Company to ensure that interest rate swaps match the fixed rate portfolio requirements.

Deere & Company's Treasury Department measures market risk exposures using sensitivity analysis and stress scenario analysis.

(d) Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and currency swap agreements.

It is the policy of the company to accept the current exchange rate at the time of payment of debts in foreign currencies. Currency hedging is in place for the New Zealand, USD and Euro asset portfolios and the Commercial Paper borrowed in US dollars.

28 Financial instruments (cont'd)

The company's exposure to foreign currencies as at the reporting date is as follows:

	Liabilities		Assets	
	2013 FC'000	2012 FC'000	2013 FC'000	2012 FC'000
NZ dollar monetary items	6,163	2,480	164,154	159,998
Notional of NZ dollar derivatives	141,162	144,480	-	-
	147,325	146,960	164,154	159,998
US dollar monetary items	827,214	622,490	27,141	58,671
Notional of US dollar derivatives	(803,750)	(566,000)	-	-
	23,464	56,490	27,141	58,671
Euro monetary items	-	4,935	13,833	15,542
Notional of Euro derivatives	12,336	19,830		
	12,336	24,765	13,833	15,542

Forward foreign exchange contracts

The following table details the forward foreign currency contracts outstanding as at reporting date:

Outstanding contracts	Average exchange rate		Buy Currency		Sell Currency		Fair value	
	2013	2012	2013 FC'000	2012 FC'000	2013 FC$'000	2012 FC$'000	2013 AU$'000	2012 AU$'000
Buy USD/ Sell AUD	1.1219	1.0280	670,000	422,000	597,200	410,521	(11,554)	(2,182)
Buy USD/ Sell EUR	1.3781	1.3111	17,000	26,000	12,336	19,830	(904)	(48)
Buy USD/ Sell NZD	0.8306	0.8167	116,750	118,000	141,162	144,480	(29)	338
							(12,487)	(1,892)

28 Financial instruments (cont'd)

Foreign currency sensitivity analysis

The company is exposed to New Zealand dollars (NZD), US Dollars (USD) and Euros. The following table details the company's sensitivity to a 10% increase in the Australian Dollar (AUD) against the relevant foreign currencies (a 10% decrease will have an opposite impact). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the company where the denomination of the loan is in a currency other than the currency of the respective company. A positive number indicates an increase in profit or loss before tax.

	Foreign Currency Impact			
	2013	**2013***	**2012**	**2012***
	AU$ '000	**FC '000**	**AU$ '000**	**FC '000**
Profit or loss (NZD)	(1,461)	(1,683)	(1,000)	(1,304)
Profit or loss (USD)	(326)	(314)	(211)	(218)
Profit or loss (Euro)	(199)	(139)	(81)	(65)

*Gain or loss denominated in foreign currencies for comparison purpose.

The company's sensitivity to NZD foreign currency has increased during the current period mainly due to a higher NZD exposure. The company's sensitivity to USD and Euro foreign currency is attributable to the John Deere Asia portfolio.

(e) Interest rate risk management

The company is exposed to interest rate risk as it borrows and lends funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The company's exposures to interest rates on financial assets are detailed in notes 6 and 10 and financial liabilities are detailed in the liquidity risk management section of this note and in notes 14 and 17.

28 Financial instruments (cont'd)

Interest rate swap contracts
Under interest rate swap contracts, the company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the company to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Outstanding floating to fixed contracts	Average contracted floating interest rate		Notional principal amount		Fair value	
	2013 %	2012 %	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Interest rate swap pay fixed						
Less than 1 year	2.58	3.14	70,077	111,877	(883)	(1,720)
1 to 2 years	2.59	3.09	64,317	84,881	(1,748)	(1,636)
2 to 4 years	2.59	3.40	473,751	333,553	(1,041)	(4,115)
			608,145	530,311	(3,672)	(7,471)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and being held constant throughout the reporting period. A 10% increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 10% higher and all other variables were held constant, the company's profit or loss before tax would increase by $1,380 thousand (2012:increase by $1,628 thousand). At reporting date, if interest rates had been 10% lower and all other variables were held constant, the company's profit or loss before tax would decrease by $1,391 thousand (2012: decrease by $1,638 thousand). There is no impact from a change in interest rates on other equity in 2013 nor 2012.

28 Financial instruments (cont'd)

(f) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored by the Deere & Company Treasury department and the aggregate values of transactions concluded are spread amongst approved counterparties.

The credit risk arising from derivatives transactions and cash held in financial institutions exposes the company if the contracting entity is unable to complete its obligations under the contract.

Loan and lease receivables consist of a large number of customers, a significant number of which are made to rural and related enterprises (see note 6).

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company's policy is to spread the amount of net credit risk exposure among major financial institutions with a rating of A3 or higher by Moody's and A- or higher by Standard & Poor's.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(g) Liquidity risk management

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 28(b) is a listing of additional undrawn facilities that the company has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial instruments based on the earliest date on which the receipt or payment can be required. The table includes both interest and principal cash flows. Current liabilities exceed current assets with short term funding mainly provided by the parent entity and the rest through commercial paper. This funding is supported by financing facilities in note 28.

28 Financial instruments (cont'd)

2013	Weighted average effective interest rate	Fixed maturity dates					
		Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities:							
Trade payables	-	4,725	-	-	-	-	-
Commercial paper	0.17	860,331	-	-	-	-	-
Dealer reserve (i)	2.59	11,205	-	-	-	-	-
Notes payable			-	-	-	-	-
Foreign currency forward contracts	-	13,225	-	-	-	-	-
Interest rate swaps	-	(68)	3,131	1,503	1,302	-	-
Related party notes (ii)	2.82	73,108	-	-	-	-	-
		962,526	3,131	1,503	1,302	-	-

The following table details the company's exposure to interest rate risk as at 31 October 2012:

2012	Weighted average effective interest rate	Fixed maturity dates					
		Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years
	%	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities:							
Trade payables	-	3,136	-	-	-	-	-
Commercial paper	0.17	607,081	-	-	-	-	-
Dealer reserve (i)	3.48	10,679	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Foreign currency forward contracts	-	2,570	-	-	-	-	-
Interest rate swaps	-	3,411	1,537	377	47	-	-
Related party notes	3.11	338,979	-	-	-	-	-
		965,856	1,537	377	47	-	-

(i) Repayment of the dealer reserve will occur in line with the loan portfolio repayments, the timing of which is not controlled by the company. Dealer reserve repayment is expected to occur over the next five years.
(ii) The Related Party Notes have a maturity not exceeding 60 days.

28 Financial instruments (cont'd)

(h) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- The fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments.

Transaction costs are included in the determination of fair value.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Except as detailed in the following table, the directors consider that the carrying amount of financial assets recorded in the financial statements approximates their fair values.

	2013		2012	
	Carrying Amount $'000	Fair Value $'000	Carrying Amount $'000	Fair Value $'000
Financial assets:				
Loans and receivables:				
- Loans	726,686	742,322	672,147	693,850
- Finance lease receivables	20,428	25,018	17,352	22,076
- Operating leases	1,566	1,593	1,325	1,361
- Wholesale loans	306,000	305,914	320,615	318,464
	1,054,680	**1,074,847**	**1,011,439**	**1,035,751**
Financial liabilities:				
Borrowings				
- Fixed term notes	-	-	-	-
- Variable and medium term notes	-	-	-	-
	-	-	**-**	-

28 Financial instruments (cont'd)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at FVTPL				
Foreign currency forward contracts	-	738	-	738
Interest rate swaps	-	176	-	176
	-	**914**	**-**	**914**
Financial liabilities at FVTPL				
Foreign currency forward contracts	-	13,225	-	13,225
Interest rate swaps	-	3,848	-	3,848
	-	**17,073**	**-**	**17,073**

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	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at FVTPL				
Foreign currency forward contracts	-	678	-	678
Interest rate swaps	-	13	-	13
	-	**691**	**-**	**691**
Financial liabilities at FVTPL				
Foreign currency forward contracts	-	2,570	-	2,570
Interest rate swaps	-	7,390	-	7,390
	-	**9,960**	**-**	**9,960**

There were no transfers between Level 1 and 2 in the current or prior period.