

JCB Sales Limited

Directors' Report and Financial Statements
for the year ended 31 December 2011

Registered number 00792807

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JCB Sales Limited

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JCB Sales Limited

Directors and advisors

Directors

Sir Anthony Bamford DL
J C E Bamford
A R Blake
D R Bell
C Fiorentini
T J Burnhope
I Sayers
P R Massardy
G A Macdonald

Company secretary

S E R Ovens

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors

Slaughter & May
1 Bunhill Row
London
EC1Y 8YY

Bankers

Barclays Bank plc
PO Box 3333
One Snowhill
Snow Hill Queensway
Birmingham
B3 2WN

HSBC Bank plc
4th Floor
120 Edmund Street
Birmingham
B3 2QZ

Citibank NA
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London
E14 5LB

Registered office

Lakeside Works
Roccester
Uttoxeter
Staffs
ST14 5JP

Registered number

00792807

JCB Sales Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011

Principal activities

The principal activity of JCB Sales Limited is the selling and marketing of products manufactured by JCB group and non-group companies, as an agent, on which it earns commission or as principal. The company also operates the sales ledger in respect of machine sales for most UK-based JCB group and non-group companies.

Review of business and future developments

As reported in the 2010 accounts, JCB Sales Limited started 2011 strongly and this strong performance continued throughout the year. Although regional differences remained as to the pace of market growth, the world market grew strongly in 2011 and the company has taken advantage of this. This resulted in turnover of £92.6 million (2010: £64.5 million), a growth of 44%. Operating loss decreased to £2.4 million compared to an operating loss of £7.4 million in 2010.

The volume of business experienced at the start of 2012 is broadly consistent with 2011 exit rates, and hence expectations for the outturn of the 2012 full year are for lower growth rates than those experienced in 2010 and 2011. Despite the political and economic uncertainty that continues in many markets, the company remains confident about its longer term prospects.

Dividends

The directors approved and paid an interim dividend of £24.0 million during the year (2010: £nil). The directors do not recommend the payment of a final dividend.

Charitable and political contributions

The company made no charitable contributions or political contributions during the year (2010: £nil).

Statutory Records

The company is incorporated in England and its company registration number is 00792807.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

Sir Anthony Bamford DL

J C E Bamford

A R Blake

D R Bell

C Fiorentini

T J Burnhope

I Sayers

P R Massardy (appointed 1 September 2011)

G A Macdonald (appointed 1 January 2012)

Directors Indemnity Insurance

The company purchases liability insurance cover for directors and officers of the company which gives appropriate cover for any legal action brought against them in their capacity as directors or officers. The company also provides indemnity for its directors (to the extent permitted by law) in respect of liabilities which could occur as a result of their office. This indemnity does not provide cover should a director be proved to have acted fraudulently or dishonestly.

JCB Sales Limited

Directors' report for the year ended 31 December 2011 (continued)

Employees

The directors acknowledge the need to encourage employee involvement in the improvement of the company's performance by supplying information on matters of importance through regular consultation with employees. Information is provided by various means, including audio-visual presentations, company newspapers and information bulletins. There is also an annual review of the company's performance, which is presented to all employees. Employees are encouraged to participate in local schemes designed to improve performance in the areas in which they work.

The company discharges, equitably, its statutory and social duties in respect of the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995 and the Employment Equality Regulations on sexual orientation, religion, belief or age. An equal opportunities policy is in operation. For those employees becoming disabled during the course of their employment, every effort is made, whether through training or redeployment, to provide an opportunity for them to remain with the company.

Creditor payment policy

The company does not follow any external code or standard on payment practice. The policy for all company suppliers is to set terms of payment when agreeing the terms for each business transaction and to ensure that the supplier is aware of those terms. The company seeks to abide by those terms whenever it is satisfied that the supplier has met its contractual obligations.

Principal risks and uncertainties

The principal risk facing JCB Sales Limited is the cyclical nature of the industry as a whole which, in broad terms, tracks the global economic cycle. To manage this risk, JCB Sales Limited addresses a spectrum of regional markets and product sectors, and operates an organisation and capital structure which is flexible and fast reacting to market conditions.

Credit risk

JCB Sales Limited's principal financial assets are bank balances, trade, group and other receivables. The credit risk is primarily attributable to its trade receivables with potential recoverability issues mitigated by credit insurance. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings by international credit rating agencies. JCB Sales Limited has no significant concentration of external credit risk, with exposure spread over a number of counterparties.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, JCB Sales Limited uses a mixture of short term facilities and invoice discounting. Adequate facilities are available to support the company's business for at least 12 months beyond the date of this report.

Exchange rate risk

As part of its normal operating activities, the company hedges exchange rate exposure on foreign currency transactions. It is the company's policy to manage this exposure through the use of forward currency contracts. The aggregate value of forward currency contracts at 31 December 2011 was £110.2 million for settlement in 2012 and £19.4 million for settlement in 2013 (2010: £91.0 million for settlement in 2011 and £15.7 million for settlement in 2012). Potential unrecognised gains/losses on these contracts at 31 December 2011, expected to be recognised during 2012 amount to £1.8 million (loss), expected to be recognised during 2013 amount to £0.1 million gain (2010: £0.7 million gain within 2011).

Key performance indicators (KPIs)

JCB Sales Limited uses a range of financial and non-financial indicators to monitor performance. The key performance indicators are market share, revenue and profit trends, and cash generation.

JCB Sales Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each director of the company, in office at the time of approval of this report, acknowledges that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the board



Sir Anthony Bamford DL
Chairman

11 JULY 2012

JCB Sales Limited

Independent Auditors' Report to the members of JCB Sales Limited

We have audited the financial statements of JCB Sales Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

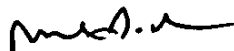
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Nicholas Boden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

11 July 2012

JCB Sales Limited

Profit & loss account for year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2	92,637	64,490
Cost of sales		(55,468)	(34,987)
Gross profit		37,169	29,503
Administrative costs		(39,610)	(36,898)
Operating loss	3	(2,441)	(7,395)
Interest receivable and similar income	6	3,159	1,401
Income from shares in group undertakings	7	24,000	45,000
Profit on ordinary activities before taxation		24,718	39,006
Tax on profit on ordinary activities	8	(296)	1,555
Profit for the financial year	17	24,422	40,561

All activities are derived from continuing operations

The company has no recognised gains or losses for the year other than the results above

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents

JCB Sales Limited

Balance Sheet as at 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	10	685	856
Investments	11	2,874	2,874
		3,559	3,730
Current assets			
Stocks	12	3,055	641
Debtors	13	331,301	301,444
Cash at bank and in hand		62,452	27,784
		396,808	329,869
Creditors – amounts falling due within one year	14	(374,558)	(308,212)
Net current assets		22,250	21,657
Net assets		25,809	25,387
Capital and reserves			
Share capital	16	-	-
Profit and loss account	17	25,809	25,387
Total shareholders' funds	18	25,809	25,387

The financial statements on pages 6 to 17 were approved by the board of directors on **11 JULY 2012** and were signed on its behalf by



Sir Anthony Bamford DL
Chairman

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011

1. Accounting policies

Principal accounting policies

The financial statements have been prepared under the historical cost convention, on the going concern basis, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied on a consistent basis with the prior year, is set out below.

Basis of consolidation

The results of the subsidiary and associated undertakings have not been included in the financial statements of JCB Sales Limited as the company itself is a wholly-owned subsidiary of JCB Service, a company registered in England, for whom consolidated financial statements are prepared and are publicly available.

Cash flow statement and related party disclosure

The company is a wholly-owned subsidiary of JCB Service and is included in the consolidated financial statements of JCB Service, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the JCB Service group or investees of the JCB Service group. For details of other related party transactions see note 20.

Turnover

Turnover represents the invoice value of commissions earned on the sales of JCB products as agent and the invoice value of machines sold as principal, excluding VAT. The company recognises revenues on commissions once earned and machine sales upon shipment.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the original cost by equal annual instalments over the expected useful economic lives of the assets concerned.

The principal rates used are

Plant and machinery	20%
Fixtures, fittings and office equipment	10% - 33%
Motor vehicles	20% - 25%

Additional depreciation is provided where, in the opinion of the directors, there has been a permanent diminution in the value of the fixed asset.

Stocks

Stocks are stated at the lower of cost and net realisable value after due regard for obsolete and slow moving stocks. Cost includes direct materials, labour and appropriate works overhead. Net realisable value is based on selling prices less anticipated costs to completion and selling costs.

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

1. Accounting policies (continued)

Deferred taxation

Deferred taxation 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

Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates that have been enacted or substantially enacted at the balance sheet date

The deferred tax assets and liabilities are not discounted

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Repairs and renewals

All repairs and renewals are expensed as incurred.

Accounts receivable

Trade receivables are recorded net of amounts discounted without recourse less any provision for bad or doubtful debts.

Pension

Retirement benefits for eligible employees are primarily provided by two defined benefit schemes which are funded by contributions from the company and employees into separately administered trust funds. The company is unable to identify its share of the underlying assets and liabilities of these schemes. As a result, the company accounts for contributions to the schemes as if they were defined contribution schemes by charging them to the profit and loss account as incurred.

The defined benefit schemes are closed to new entrants and have been replaced by a stakeholder scheme which is a defined contribution scheme. Pension costs relating to defined contribution arrangements are charged to the profit and loss account as incurred. The assets of the scheme are held in an independently administered fund.

Investments

Investments are included in the balance sheet at their cost on acquisition. Where appropriate, provision is made for any impairment in their value.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

2. Turnover

An analysis of turnover is given below

	2011 £'000	2010 £'000
Commission earned	34,324	27,867
Machine sales	58,313	36,623
	92,637	64,490

An analysis of turnover by geographical market is given below

	2011 £'000	2010 £'000
United Kingdom	34,630	29,556
Europe	46,259	32,406
North America	6,188	890
Far East	2,986	1,638
Middle East	1,430	-
Latin America	1,144	-
	92,637	64,490

3. Operating loss

Operating loss is stated after charging/(crediting)

	2011 £'000	2010 £'000
Hire of machinery and equipment	141	453
Hire of land and buildings	713	629
Services provided by the company's auditor		
Fees payable for the audit	22	21
Profit on sale of tangible fixed assets	-	(29)
Depreciation of tangible fixed assets	215	329

4. Particulars of employees

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2011 Number	2010 Number
Directors	7	7
Administration	161	153
	168	160

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	13,333	11,627
Social security	1,053	868
Defined contribution pension cost	802	857
	15,188	13,352

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

5. Directors' emoluments

The directors' emoluments for the year were as follows

	2011	2010
	£'000	£'000
Directors' emoluments	1,204	523
Defined benefit pension cost	20	15

During the period the number of directors who were accruing benefits under company pension schemes was as follows

	2011	2010
	Number	Number
Defined benefit	2	1

The aggregate emoluments of the highest paid director (excluding pension contributions) were £662,000 (2010 £498,000)

6. Interest receivable and similar income

	2011	2010
	£'000	£'000
Group interest	3,159	1,401

7. Income from shares in group undertakings

	2011	2010
	£'000	£'000
Dividend from subsidiary undertaking	24,000	45,000

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

8. Tax on profit on ordinary activities

Analysis of charge/(credit) in the year

	2011 £'000	2010 £'000
Current tax		
UK corporation tax credit at 26.5% (2010: 28%)	(124)	(1,508)
Adjustment in respect of prior year	59	(181)
UK corporation tax	(65)	(1,689)
Foreign tax	374	84
Total current tax	309	(1,605)
Deferred tax		
Origination and reversal of timing differences	69	29
Adjustments in respect of prior year	(82)	21
Total deferred tax	(13)	50
Total tax on profit on ordinary activities	296	(1,555)

Factors affecting current year tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2010: lower than) the standard rate of corporation tax in the UK of 26.5% (2010: 28%).

The differences are explained below:

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	24,718	39,006
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	6,550	10,922
Excess of depreciation charge over capital allowances	9	55
Permanent differences	129	283
Other timing differences	(83)	(86)
Income not subject to taxation	(6,360)	(12,600)
Adjustment in respect of prior year	59	(181)
Remeasurement of deferred tax – change in UK tax rate	5	2
Total current tax for the year	309	(1,605)

The Finance Act 2011 was substantively enacted on 29 March 2011 and included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011. A further reduction to 25% from 1 April 2012 was substantively enacted by subsequent legislation on 5 July 2011. The deferred tax asset at 31 December 2011 has been re-measured accordingly.

Further reductions to the UK corporation tax rate were announced in the 2011 Budget on 23 March 2011, which proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. However, a further announcement was made in the 2012 Budget on 21 March 2012, which will result in the rate reducing to 24% from 1 April 2012, with further 1% reductions per annum to 22% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

Deferred tax assets have not been discounted.

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

9. Dividends

	2011 £'000	2010 £'000
Ordinary shares		
Interim paid of £240,000 (2010 £nil) per share	24,000	-

10. Tangible fixed assets

	Plant & Machinery £'000	Fixtures, Fittings & Office Equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
As at 1 January 2011	1,727	2,234	1,306	5,267
Additions	11	4	32	47
Disposals	(7)	-	-	(7)
Transfers	761	(759)	(2)	-
As at 31 December 2011	2,492	1,479	1,336	5,307
Depreciation				
As at 1 January 2011	1,685	1,465	1,261	4,411
Charge for the year	60	140	15	215
Disposals	(4)	-	-	(4)
Transfers	698	(698)	-	-
As at 31 December 2011	2,439	907	1,276	4,622
Net book value at 31 December 2011	53	572	60	685
Net book value at 31 December 2010	42	769	45	856

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

11. Fixed asset investments

	2011 £'000	2010 £'000
Shares in group company		
As at 1 January 2011 and 31 December 2011	25	25
Shares in subsidiary undertakings		
As at 1 January 2011	2,849	2,649
Additions	-	200
Disposals	-	-
At 31 December 2011	2,849	2,849
Total fixed asset investments	2,874	2,874

Group company

The investment in group company represents a 4% holding in JCB SpA, a company incorporated in Italy. The remaining 96% is held by JCB Service.

Subsidiary undertakings

At 31 December 2011 the company holds the following investments in subsidiary undertakings. All equity holdings are in ordinary shares.

	Equity held	Principal business	Country of Incorporation
JCB Remarketing Limited	100%	Equipment sales	UK
JCB Defence Products Limited	100%	Sales and marketing	UK
JCB Europe EURL	100%	Equipment marketing	France
JCB do Brazil Ltda	100%	Equipment manufacturer	Brazil
JCB Benelux Limited	100%	Intermediate holding company	UK
OOO JCB Russia	100%	Equipment distributor	Russia

Through its holding in JCB Benelux Limited the company also has an interest in

	Equity held	Principal business	Country of Incorporation
JCB Bamford NV	100%	Equipment distributor	The Netherlands
JCB Belgium NV	100%	Equipment distributor	Belgium

12. Stocks and work in progress

	2011 £'000	2010 £'000
Finished goods	3,055	641

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

13. Debtors

	2011 £'000	2010 £'000
Trade debtors	28,671	18,428
Amounts owed by group undertakings	224,735	208,457
Amounts owed by subsidiary undertakings	23,198	24,336
Amounts owed by related parties outside the JCB Service group	49,277	43,822
Corporation tax recoverable	1,184	767
Deferred tax	541	528
Other debtors	3,217	4,109
Prepayments and accrued income	478	997
	331,301	301,444

Deferred tax

The movement in the deferred tax asset during the year was

	2011 £'000	2010 £'000
As at 1 January 2011	528	578
Deferred tax credited/(charged) to the profit and loss account	13	(50)
As at 31 December 2011	541	528

The deferred tax asset consists of the tax effect of timing differences in respect of

	2011 £'000	2010 £'000
Difference between depreciation over taxation allowances on fixed assets	213	228
Other timing differences	328	300
	541	528

14. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank overdrafts	75,320	87,485
Trade creditors	14,166	16,580
Amounts owed to group undertakings	256,581	144,047
Amounts owed to subsidiary undertakings	405	35,685
Amounts owed to other related parties outside JCB Service group	4,415	2,080
Taxation and social security	7,015	2,962
Other creditors	11,334	15,505
Accruals and deferred income	5,322	3,868
	374,558	308,212

The bank overdraft is repayable on demand

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

15. Pension schemes

The company is a participating employer in two defined benefit schemes J C Bamford Lifeplan & J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefit scheme. These schemes have a combined deficit of £70.0 million (2010 £23.2 million) calculated in accordance with FRS 17. Details of these schemes are disclosed in the financial statements of JCB Service.

16. Share capital

	2011 £	2010 £
Allotted, called up and fully paid up		
100 Ordinary shares of £1 each (2010 100 Ordinary shares of £1 each)	100	100

17. Reserves

	Profit & Loss Account £'000
Balance as at 1 January 2011	25,387
Profit for the year	24,422
Dividends paid (note 9)	(24,000)
Balance as at 31 December 2011	25,809

18. Reconciliation of movement in shareholders' funds

	2011 £'000	2010 £'000
Profit for the financial year	24,422	40,561
Dividends paid (note 9)	(24,000)	-
Net movement in shareholders' funds	422	40,561
Opening shareholders' funds	25,387	(15,174)
Closing shareholders' funds	25,809	25,387

19. Contingent liabilities

During the year the company gave counter-indemnities to Barclays Bank Plc in respect of performance bonds given by the bank in support of certain export sales. The company's liability in respect of these at 31 December 2011 was £1,894,000 (2010 £2,027,000).

The company is a guarantor to the £85.0 million unsecured term facility advanced to JCB Service by Barclays Bank plc. The outstanding liability as at 31 December 2011 was £80.0 million (2010 £81.4 million).

JCB Sales Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

20. Related party transactions

The company has taken advantage of the exemption, allowed under FRS8, available to wholly-owned subsidiary companies, whose results are included in the consolidated financial statements that are made publicly available, not to disclose details of transactions with entities that are part of the JCB Service group or investees of the group qualifying as related parties

The company subcontracts research and development projects to JCB Research, a company in which Sir Anthony Bamford DL is the sole shareholder. The total value of machines and services purchased by the company during the year was £1,737,000 (2010 £88,000). The net amount due to JCB Research at 31 December 2011 was £567,000 (2010 £82,000).

The company has purchased machines from JCB International Limited, a company ultimately controlled by Bamford family interests. The total value of these purchases during the year was £3,537,000 (2010 £nil). The net amount owed to JCB International Limited was £3,537,000 (2010 £nil).

The company has sold machines during the year to JCB Construction Equipment (Shanghai) Limited, a company that is ultimately controlled by Bamford family interests. The total value of these sales during the year was £26,581,000 (2010 £34,452,000). The net amount due from JCB Construction Equipment (Shanghai) Limited at 31 December 2011 was £47,057,000 (2010 £41,756,000).

The company also transacts business with the BHoldings Limited Group (previously JCB World Brands Group), a group in which Lady Bamford OBE and her family are shareholders. The total value of these sales during the year was £6,699,000 (2010 £2,508,000). The net amount due from the BHoldings Limited Group at 31 December 2011 was £1,909,000 (2010 £68,000).

21. Ultimate controlling party

The company is a wholly-owned subsidiary of JCB Service, an unlimited liability company incorporated in England and Wales. JCB Service is the smallest company to consolidate the results of the company. The largest company to consolidate the accounts of JCB Service is Transmissions and Engineering Services Netherlands BV, a company incorporated in the Netherlands. Transmissions and Engineering Services Netherlands BV is ultimately controlled by Bamford family interests. Financial statements for Transmissions and Engineering Services Netherlands BV can be obtained from the Chamber of Commerce in Rotterdam.