

JCB Sales Limited

Directors' Report and Financial Statements  
for the year ended 31 December 2014

Registered number 00792807

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# **JCB Sales Limited**

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# **JCB Sales Limited**

## **Directors and advisors**

### **Directors**

J C E Bamford  
T J Burnhope  
G A Macdonald  
G W Robinson

### **Company secretary**

S E R Ovens

### **Independent 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  
4<sup>th</sup> Floor  
120 Edmund Street  
Birmingham  
B3 2QZ

Citibank NA  
Canada Square  
Canary Wharf  
London  
E14 5LB

### **Registered office**

Lakeside Works  
Rochester  
Uttoxeter  
Staffs  
ST14 5JP

### **Registered number**

00792807

# **JCB Sales Limited**

## **Strategic report for the year ended 31 December 2014**

The directors present their strategic report on the company for the year ended 31 December 2014.

### **Principal activities**

The principal activity of JCB Sales Limited is the selling and marketing of products manufactured by the JCB Service group 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 Service group and non-group companies.

### **Review of business and future developments**

The 2013 report referred to challenging conditions in the global construction equipment market. These intensified in 2014, with the total market down slightly (2.2%, source: ISTAT) in comparison to 2013. In particular, geopolitical headwinds in each of the BRIC countries meant their combined construction equipment market was down 17%. Conversely, there were brighter market conditions in the US and UK, where the markets were up 13% and 30% respectively. The company reported turnover of £109.8m from £130.8m in 2013 reflecting the market conditions. Despite these challenging conditions prudent cost management has improved the operating result, with the company posting an operating loss of £8.2m from £9.2m in 2013.

Results in the early part of 2015 are in line with expectations, though market conditions have not eased. The global construction market is expected to grow slightly in 2015. However, the rate of growth of individual markets will vary considerably, dependent upon local economic and geopolitical conditions. The company remains confident about its longer-term prospects.

### **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. Over its history, the company has grown in the good years and weathered the downturns, increasing the size of the business as each cycle progresses.

### **Financial risk management**

The company's operations expose it to a variety of risks that include credit risk, liquidity risk and exchange rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

#### **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**

The exchange rate risk is mitigated by the JCB Service group's hedging arrangements. The group hedges exchange rate exposure on foreign currency transactions, mainly those relating to sales, where a significant proportion thereof is invoiced in foreign currencies. It is the group's policy to reduce this exposure through the use of forward currency contracts.

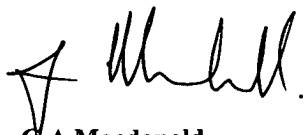
## **JCB Sales Limited**

### **Strategic report for the year ended 31 December 2014 (continued)**

#### **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.

**On behalf of the board**

A handwritten signature in black ink, appearing to read 'G A Macdonald', with a stylized flourish at the end.

**G A Macdonald**  
Director

25 JUNE 2015

# **JCB Sales Limited**

## **Directors' report for the year ended 31 December 2014**

The directors present their report and the audited financial statements for the year ended 31 December 2014.

### **Future developments**

Details of anticipated future developments in the company's business have been provided in the strategic report; see page 2 for further information.

### **Dividends**

The directors do not propose the payment of a dividend (2013: £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:

The Lord Bamford DL (resigned 24 April 2015)  
J C E Bamford  
A R Blake (resigned 15 January 2014)  
T J Burnhope  
I J Sayers (resigned 26 February 2015)  
P R Massardy (resigned 26 February 2015)  
G A Macdonald  
G W Robinson (appointed 26 February 2015)

### **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.

### **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.

### **Matters disclosed elsewhere within the financial statements**

Required disclosures in relation to the Company's key performance indicators, business review and principal risks and uncertainties have been included within the Company's Strategic Report on pages 2 and 3 of these financial statements.

# **JCB Sales Limited**

## **Directors' report for the year ended 31 December 2014 (continued)**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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:

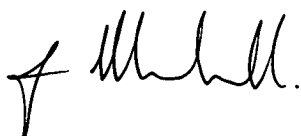
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the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

### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Elective resolutions are currently in force to dispense with holding annual general meetings, the laying of accounts before the Company in general meetings and the appointment of auditors annually. Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

### **On behalf of the board**



**G A Macdonald**  
Director

25 JUNE 2015

# **JCB Sales Limited**

## **Independent auditors' report to the members of JCB Sales Limited**

### **Report on the financial statements**

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#### ***Our opinion***

In our opinion, JCB Sales Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss 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.
- 

#### ***What we have audited***

JCB Sales Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit & loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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#### **Other matters on which we are required to report by exception**

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##### ***Adequacy of accounting records and information and explanations received***

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & 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.



# JCB Sales Limited

## Independent Auditors' Report to the members of JCB Sales Limited (continued)

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### *What an audit of financial statements involves*

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**Nicholas Boden (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Manchester  
25 June 2015

# JCB Sales Limited

## Profit & loss account for year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>	2	<b>109,813</b>	130,765
Cost of sales		(67,628)	(89,600)
<b>Gross profit</b>		<b>42,185</b>	41,165
Administrative costs		(50,434)	(50,392)
<b>Operating loss</b>	3	<b>(8,249)</b>	(9,227)
Interest receivable and similar income	6	687	3,203
<b>Loss on ordinary activities before taxation</b>		<b>(7,562)</b>	(6,024)
Tax on loss on ordinary activities	7	(3)	926
<b>Loss for the financial year</b>	15	<b>(7,565)</b>	(5,098)

All activities are derived from continuing operations.

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

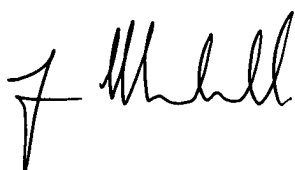
There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year as stated above and their historical cost equivalents.

# JCB Sales Limited

## Balance Sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Tangible assets	8	2,356	2,615
Investments	9	2,874	2,874
		5,230	5,489
<b>Current assets</b>			
Stocks	10	13,056	14,665
Debtors	11	263,847	252,338
Cash at bank and in hand		97,684	98,873
		374,587	365,876
<b>Creditors – amounts falling due within one year</b>	12	(370,102)	(354,085)
<b>Net current assets</b>		4,485	11,791
<b>Net assets and Total assets less current liabilities</b>		9,715	17,280
<b>Capital and reserves</b>			
Share capital	14	-	-
Profit and loss account	15	9,715	17,280
<b>Total shareholder's funds</b>	16	9,715	17,280

The financial statements on pages 8 to 18 were approved by the board of directors on 25 JUNE 2015 and were signed on its behalf by:



G A Macdonald  
Director

Registered Number: 00792807

# **JCB Sales Limited**

## **Notes to the financial statements for the year ended 31 December 2014**

### **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 has taken advantage of section 400 of the Companies act 2006 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 18.

#### **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. Assets under construction are not depreciated until they are brought into use.

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 2014 (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 to the profit and loss account 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 2014 (continued)

### 2. Turnover

An analysis of turnover is given below:

	2014 £'000	2013 £'000
Commission earned	41,469	39,803
Machine sales	68,344	90,962
	<b>109,813</b>	<b>130,765</b>

An analysis of turnover by geographical market is given below:

	2014 £'000	2013 £'000
United Kingdom	42,462	40,509
Europe	56,687	72,727
North America	777	1,102
Far East	2,096	3,656
Middle East	4,697	5,461
Latin America	2,436	4,505
Africa	658	2,403
India	-	402
	<b>109,813</b>	<b>130,765</b>

### 3. Operating loss

Operating loss is stated after charging:

	2014 £'000	2013 £'000
Hire of machinery and equipment	1,352	1,107
Hire of land and buildings	1,110	920
Services provided by the company's auditor		
Fees payable for the audit	22	22
Depreciation of tangible fixed assets	344	253

### 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:

	2014 Number	2013 Number
Directors	6	9
Administration	175	183
	<b>181</b>	<b>192</b>

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	18,520	14,957
Social security	1,459	1,330
Defined contribution pension cost	1,151	1,011
	<b>21,130</b>	<b>17,298</b>

# JCB Sales Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 5. Directors' emoluments

The directors' emoluments for the year were as follows:

	2014 £'000	2013 £'000
Directors' emoluments	1,105	1,148
Defined benefit pension cost	22	22
	1,127	1,170

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

	2014 Number	2013 Number
Defined benefit	2	2

The aggregate emoluments of the highest paid director (excluding pension contributions) were £629,000 (2013: £709,000).

### 6. Interest receivable and similar income

	2014 £'000	2013 £'000
Group interest	687	3,203

### 7. Tax on loss on ordinary activities

Analysis of credit in the year

	2014 £'000	2013 £'000
<b>Current tax</b>		
UK corporation tax on loss for the year	(1,278)	(1,710)
Adjustment in respect of prior year	663	26
UK corporation tax	(615)	(1,684)
Foreign tax	667	675
Total current tax	52	(1,009)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(203)	79
Adjustments in respect of prior year	154	4
Total deferred tax	(49)	83
Total tax on loss on ordinary activities	3	(926)

# JCB Sales Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 7. Tax on loss on ordinary activities (continued)

#### Factors affecting current year tax credit

The tax assessed on the loss on ordinary activities for the year is higher than (2013: higher than) the standard rate of corporation tax in the UK of 21.5 % (2013: 23.25%).

The differences are explained below:

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	(7,562)	(6,024)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(1,626)	(1,400)
Depreciation charge less than capital allowances	(4)	(31)
Permanent differences	797	455
Other timing differences	222	(59)
Adjustment in respect of prior year	663	26
Total current tax for the year	52	(1,009)

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 21.5%.

Deferred tax assets have not been discounted.

### 8. Tangible fixed assets

	Plant & Machinery	Fixtures, Fittings & Office Equipment	Motor Vehicles	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
As at 1 January 2014	3,337	1,438	1,336	1,466	7,577
Additions	31	128	-	-	159
Disposals	-	-	-	(74)	(74)
Reclassifications	-	1,217	-	(1,217)	-
<b>As at 31 December 2014</b>	<b>3,368</b>	<b>2,783</b>	<b>1,336</b>	<b>175</b>	<b>7,662</b>
<b>Depreciation</b>					
As at 1 January 2014	2,604	1,052	1,306	-	4,962
Charge for the year	144	185	15	-	344
<b>As at 31 December 2014</b>	<b>2,748</b>	<b>1,237</b>	<b>1,321</b>	<b>-</b>	<b>5,306</b>
<b>Net book value at 31 December 2014</b>	<b>620</b>	<b>1,546</b>	<b>15</b>	<b>175</b>	<b>2,356</b>
Net book value at 31 December 2013	733	386	30	1,466	2,615



# JCB Sales Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 9. Fixed asset investments

	2014 £'000	2013 £'000
<b>Shares in group company</b>		
As at 1 January 2014 and 31 December 2014	25	25
<b>Shares in subsidiary undertakings</b>		
As at 1 January 2014 and 31 December 2014	2,849	2,849
<b>Total fixed asset investments</b>	<b>2,874</b>	<b>2,874</b>

#### 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 2014 the company holds the following investments in subsidiary undertakings. All equity holdings are in ordinary shares. The Directors consider the value of investments to be supported by the underlying assets.

	Equity held	Principal business	Country of Incorporation
JCB Remarketing Limited	100%	Equipment sales	UK
JCB Defence Products Limited	100%	Non trading	UK
JCB Europe EURL	100%	Equipment marketing	France
JCB do Brasil Ltda	100%	Equipment manufacturer	Brazil
JCB Benelux Limited	100%	Intermediate holding company	UK
JCB Kenya Services Limited	100%	Service provider	Kenya
JCB Russia LLC	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
JC Bamford NV	100%	Equipment distributor	The Netherlands
JCB Belgium NV	100%	Equipment distributor	Belgium

### 10. Stocks and work in progress

	2014 £'000	2013 £'000
Finished goods	13,056	14,665

# JCB Sales Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 11. Debtors

	2014 £'000	2013 £'000
Trade debtors	21,297	17,875
Amounts owed by group undertakings	140,796	149,227
Amounts owed by subsidiary undertakings	47,567	37,079
Amounts owed by related parties outside the JCB Service group	46,655	38,719
Corporation tax recoverable	970	1,510
Deferred tax	375	326
Other debtors	5,250	4,863
Prepayments and accrued income	937	2,739
	<b>263,847</b>	<b>252,338</b>

Trade debtors are stated net of amounts discounted without recourse of £170,080,000 (2013: £127,262,000).

### Deferred tax

The movement in the deferred tax asset during the year was:

	2014 £'000	2013 £'000
As at 1 January	326	409
Deferred tax credited/(charged) to the profit and loss account	49	(83)
As at 31 December	<b>375</b>	<b>326</b>

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

	2014 £'000	2013 £'000
Difference between depreciation and capital allowances on fixed assets	106	155
Other timing differences	269	171
	<b>375</b>	<b>326</b>

### 12. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank overdrafts	48,339	47,098
Trade creditors	3,882	3,891
Amounts owed to group undertakings	291,410	268,455
Amounts owed to subsidiary undertakings	3,217	6,506
Amounts owed to other related parties outside JCB Service group	333	462
Taxation and social security	5,005	7,166
Other creditors	10,713	14,513
Accruals and deferred income	7,203	5,994
	<b>370,102</b>	<b>354,085</b>

The bank overdraft is repayable on demand.

# JCB Sales Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 13. 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 £155.9 million (2013: £92.7 million) calculated in accordance with FRS 17. Details of these schemes are disclosed in the financial statements of JCB Service.

### 14. Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid up</b>		
100 Ordinary shares of £1 each (2013: 100 Ordinary shares of £1 each)	100	100

### 15. Reserves

	Profit & Loss Account £'000
Balance as at 1 January 2014	17,280
Loss for the year	(7,565)
<b>Balance as at 31 December 2014</b>	<b>9,715</b>

### 16. Reconciliation of movement in shareholder's funds

	2014 £'000	2013 £'000
Loss for the financial year	(7,565)	(5,098)
Opening shareholder's funds	17,280	22,378
<b>Closing shareholder's funds</b>	<b>9,715</b>	<b>17,280</b>

### 17. Contingent liabilities

The company is part of the JCB Service group cash pooling facility which includes the funds and overdrafts of all trading JCB Service subsidiaries in the United Kingdom for cash management purposes. The facility is jointly and severally liable and contains a cross-guarantee structure.

## **JCB Sales Limited**

### **Notes to the financial statements for the year ended 31 December 2014 (continued)**

#### **18. 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 Lord Bamford is the sole shareholder. The total value of machines and services purchased from JCB research by the company during the year was £44,000 (2013: £81,000). The net amount due to JCB Research at 31 December 2014 was £329,000 (2013: £462,000).

In previous years the company purchased machines from JCB International Limited, a company ultimately controlled by Bamford family interests. The total value of these purchases during the year was £nil (2013: £978,000). The net amount owed to JCB International Limited was £nil (2013: £nil).

The company has sold machines and provided certain services to JCB Construction (Shanghai) Limited, a company that is ultimately controlled by Bamford family interests. The total value of these sales during the year was £3,830,000 (2013: £1,656,000) and the total value of the recharges in respect of these services was £471,000 (2013: £477,000). The net amount due from JCB Construction Equipment (Shanghai) Limited at 31 December 2014 was £31,569,000 (2013: £28,124,000).

The company also recharges costs incurred on behalf of the BHoldings Limited Group, a group in which Lady Bamford OBE and her family are shareholders. The net amount due from the BHoldings Limited Group at 31 December 2014 was £15,059,000 (2013: £10,595,000).

#### **19. 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.