

**J.C.B. Sales Limited**

**Directors' Report and Financial Statements  
for the year ended 31 December 2021**

**Registered number 00792807**

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# **J.C.B. Sales Limited**

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# **J.C.B. Sales Limited**

## **Directors and advisors**

### **Directors**

G A Macdonald  
M Bersellini  
T J Burnhope

### **Company secretary**

S E R Owens

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Hardman Square  
Manchester  
M3 3EB

### **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  
Rocester  
Staffordshire  
ST14 5JP

### **Registered number**

00792807

# **J.C.B. Sales Limited**

## **Strategic report for the year ended 31 December 2021**

The directors present their strategic report on the company for the year ended 31 December 2021.

### **Principal activities**

The principal activity of J.C.B. 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 companies.

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

The global construction equipment market had a strong recovery from the Covid induced decline in 2020. Globally the construction equipment market grew by 13% compared to 2020 (Source: ISTAT) although if China is excluded growth was 23%. This growth was impacted by local, regional and global dynamics including significantly disrupted global supply chains and specific component supply constraints. Highlights by markets are as follows: Asia +67%, Russia & CIS +61%, Latin America +54%, UK & Ireland +49%, Africa +35%, North America +18%, Europe +17%, India +9%, and China declined by 9%. Although the same component supply constraints exist, 2022 has started strong.

In March 2022, due to the conflict between Russia and Ukraine, JCB Russia LLC stopped manufacturing and selling machines in Russia. More detail on the directors' assessment of the situation is included in note 24 of these financial statements.

As a result of the strong recovery the company's turnover increased by just over 74% from £75.7m in 2020 to £131.8m in 2021. Overhead expenditure has been well controlled in the year and the company has made an operating profit of £32.4m (2020: loss of £20.2m). The net cash position remains healthy at £91.5m (2020: £68.0m) and the company ended 2021 with net assets of £22.6m (2020: £9.6m).

### **Going concern**

The directors have prepared a cash flow forecast for the company for a period of at least 12 months from the date of signing these financial statements. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of JCB Service. The directors have received confirmation that JCB Service intends to support the company for at least one year from the date of approval of these financial statements. The JCB Service financial statements have been prepared on a going concern basis.

### **Principal risks and uncertainties**

The principal risk facing J.C.B. 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, J.C.B. Sales Limited addresses a spectrum of regional markets and product sectors.

Other key risks monitored by the executive management team are the competitive environment, protection of intellectual property, availability of key raw materials, changing regulations and macroeconomic factors such as cyber security, terrorism, natural disaster and infectious disease. Executive management monitors these on a regular basis and has plans in place to mitigate these risks.

### **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**

J.C.B. 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. J.C.B. Sales Limited has no significant concentration of external credit risk, with exposure spread over a number of counterparties.

# J.C.B. Sales Limited

## Strategic report for the year ended 31 December 2021 (continued)

### Financial risk management (continued)

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, J.C.B. 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, mainly those relating to sales, where a significant proportion thereof are invoiced in foreign currencies. It is the company's policy to reduce this exposure through the use of forward currency contracts. The aggregate fair value of forward currency contracts outstanding at 31 December 2021 was a net asset of £2.6 million (2020: £13.8 million).

### Key performance indicators (KPIs)

J.C.B. Sales Limited uses a range of financial and non-financial indicators to monitor performance.

Financial measures are turnover and operating profit/(loss):

	2021 £'000	2020 £'000
Turnover	131,756	75,661
Operating profit/(loss)	32,442	(20,160)

Non-financial indicators include operational statistics, health and safety measures and environmental factors.

# **J.C.B. Sales Limited**

## **Strategic report for the year ended 31 December 2021 (continued)**

### **Section 172(1) statement**

The directors satisfy their duty to promote the long-term success of the company whilst having regard to the matters and stakeholders described in Section 172, points (a) to (f) of the Companies Act 2006 through the adherence to its Corporate Governance framework. The ultimate long-term success of the company is dependent upon the efforts of its stakeholders, including employees, suppliers and customers, and the directors take into consideration the interests of these stakeholders when making decisions.

### ***Employees***

The directors consider the interests of employees when making decisions through regular consultation where both important information is provided and feedback is obtained. The directors have a strong and collaborative working relationship with employees, for example, the directors engaged closely with the employees on the closure of the pension scheme during the year.

### ***Suppliers and customers***

The group develops innovative new products that are designed to meet global customer's needs and J.C.B. Sales sells and markets these products. This requires a close relationship with customers who provide valuable feedback, which the directors use when making decisions regarding the direction of product development. New product development requires new components and regular discussions with suppliers help drive the direction of sourcing decisions made by the directors. Regular meetings and conferences with customers and suppliers facilitate this process.

### ***Community and the Environment***

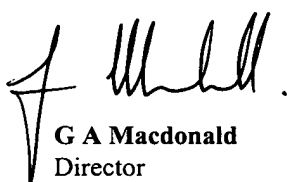
The company's strategy for environmental sustainability covers six core work streams - alternative fuels and product efficiency; waste reduction; use of recycled materials; carbon reduction in the logistics and manufacturing operations; removal of single use plastics; and culture and behaviour change. Achieving these core work streams drives the decision making of the directors who are committed to delivering a reduction in carbon emissions from the business.

In the UK, JCB supports the community in many ways, particularly in education. JCB is committed to developing the next generation of engineering and manufacturing talent.

### ***Business conduct***

The company maintains a strict code of conduct to promote and maintain high standards of business conduct and to ensure it acts fairly towards its various stakeholders. The company's supplier code of conduct, health and wellbeing policy and other documents are published on the JCB website.

**Approved on behalf of the board**



G A Macdonald  
Director

27 May 2022

# **J.C.B. Sales Limited**

## **Directors' report for the year ended 31 December 2021**

The directors present their report and the audited financial statements for the year ended 31 December 2021.

### **Future developments**

Details of anticipated future developments in the company's business have been provided in the strategic report; see pages 2 to 4 for further information.

### **Dividends**

The directors do not propose the payment of a dividend (2020: £nil).

### **Statutory records**

The company is a privately held company, limited by shares, and incorporated in the UK. Its company registration number is 00792807.

### **Directors**

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

G A Macdonald  
M Bersellini  
T J Burnhope

### **Directors indemnity insurance**

The company purchases qualifying third party indemnity insurance 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. This indemnity was in place throughout the financial year, and at the date of approval.

### **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 financial and economic 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. Full and fair consideration is given to applications for employment that disabled people make to the company. 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.

### **Stakeholder engagement**

The company maintains a close relationship with customers who provide valuable feedback, critical for developing innovative new products that are designed to meet global customer's needs. Regular discussions with suppliers help drive the direction of sourcing decisions made by the directors. Regular meetings and conferences with customers and suppliers facilitate this process. Regarding the environment, the company's strategy for environmental sustainability covers six core work streams - alternative fuels and product efficiency; waste reduction; use of recycled materials; carbon reduction in the logistics and manufacturing operations; removal of single use plastics; and culture and behaviour change. Achieving these core work streams drives the decision making of the directors who are committed to delivering a reduction in carbon emissions from the business.

# **J.C.B. Sales Limited**

## **Directors' report for the year ended 31 December 2021 (continued)**

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

Required disclosures in relation to the company's principal activity, key performance indicators, business review, principal risks and uncertainties and financial risk management have been included within the company's Strategic Report on pages 2 to 4 of these financial statements.

### **Statement of directors' responsibilities in respect of the financial statements**

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

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors 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.

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.

### **Directors' confirmations**

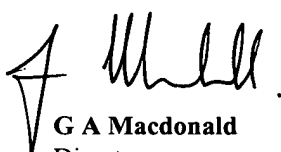
In the case of each director in office at the date the Directors' Report is approved:

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

### **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 financial statements 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.

**Approved on behalf of the board**



G A Macdonald  
Director

27 May 2022



# **J.C.B. Sales Limited**

## **Independent auditors' report to the members of J.C.B. Sales Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, J.C.B. Sales Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Profit and loss account, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# **J.C.B. Sales Limited**

## **Independent auditors' report to the members of J.C.B. Sales Limited (continued)**

### **Reporting on other information (continued)**

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### ***Strategic report and Directors' report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

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

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditors' responsibilities for the audit of the financial statements***

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

# J.C.B. Sales Limited

## Independent auditors' report to the members of J.C.B. Sales Limited (continued)

### *Auditors' responsibilities for the audit of the financial statements (continued)*

- discussions with management, internal audit and the in-house legal team including consideration of known or suspected instances of non-compliance with laws and regulation or fraud;
- reviewing internal audit reports;
- reviewing relevant meeting minutes, including those of the Board of Directors;
- auditing the tax computations to ensure compliance with tax legislation;
- challenging assumptions and judgements made by management in their significant accounting estimates (because of the risk of management bias);
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, testing accounting estimates and evaluating the business rationale of significant transactions outside the normal course of business; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

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.

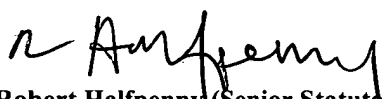
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

  
**Robert Halfpenny (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

*27 May 2022*

## J.C.B. Sales Limited

### Profit and loss account for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	131,756	75,661
Cost of sales		(47,664)	(37,594)
<b>Gross profit</b>		<b>84,092</b>	<b>38,067</b>
Administrative expenses		(51,650)	(58,980)
Other operating income	6	-	753
<b>Operating profit/(loss)</b>	6	<b>32,442</b>	<b>(20,160)</b>
Finance costs	9	(7,232)	(4,061)
<b>Profit/(loss) before taxation</b>		<b>25,210</b>	<b>(24,221)</b>
Tax on profit/(loss)	10	(3,409)	3,437
<b>Profit/(loss) for the financial year</b>		<b>21,801</b>	<b>(20,784)</b>

All activities are derived from continuing operations.

### Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 as restated £'000
Profit/(loss) for the financial year		21,801	(20,784)
Change in value of hedging instruments:			
(Loss)/gains arising during the year		(3,379)	2,120
Reclassified to profit and loss account		(7,829)	8,016
Movement on deferred tax relating to hedging adjustments	14	2,352	(1,723)
<b>Other comprehensive (expense)/income</b>		<b>(8,856)</b>	<b>8,413</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>12,945</b>	<b>(12,371)</b>

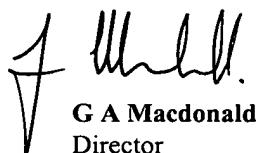
The prior year comparatives for the change in value of hedging instruments have been restated. The 'gain arising during the year' has decreased by £16,033,000. The 'gain reclassified to profit and loss account' has decreased by £16,033,000 to become a loss reclassified to profit and loss account. The net impact on the other comprehensive income in the prior year was correct however, the split between the above items was incorrect due to an error.

# J.C.B. Sales Limited

## Balance sheet as at 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Tangible assets	11	4,761	4,195
Investments	12	2,874	2,874
		<b>7,635</b>	<b>7,069</b>
<b>Current assets</b>			
Stocks	13	4,955	4,965
Debtors	14	338,826	293,352
Cash and cash equivalents		137,451	114,416
		<b>481,232</b>	<b>412,733</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(464,125)</b>	<b>(410,160)</b>
<b>Net current assets</b>		<b>17,107</b>	<b>2,573</b>
<b>Total assets less current liabilities</b>		<b>24,742</b>	<b>9,642</b>
Creditors: amounts falling due after more than one year	16	(2,155)	-
<b>Net assets</b>		<b>22,587</b>	<b>9,642</b>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Share premium account	20	50,000	50,000
Other reserves	20	2,628	11,484
Accumulated losses	20	(30,041)	(51,842)
<b>Total equity</b>		<b>22,587</b>	<b>9,642</b>

The financial statements on pages 10 to 26 were approved by the board of directors on *27 May 2022* and were signed on its behalf by:

  
**G A Macdonald**  
Director

Registered Number: 00792807

## J.C.B. Sales Limited

### Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Share premium £'000	Other reserves £'000	Accumulated losses £'000	Total equity £'000
<b>Balance as at 1 January 2020</b>	-	50,000	3,071	(31,058)	22,013
Loss for the financial year	-	-	-	(20,784)	(20,784)
Other comprehensive income for the year	-	-	8,413	-	8,413
<b>Total comprehensive expense for the year</b>	-	-	8,413	(20,784)	(12,371)
<b>Balance as at 31 December 2020</b>	-	50,000	11,484	(51,842)	9,642
Profit for the financial year	-	-	-	21,801	21,801
Other comprehensive expense for the year	-	-	(8,856)	-	(8,856)
<b>Total comprehensive income for the year</b>	-	-	(8,856)	21,801	12,945
<b>Balance as at 31 December 2021</b>	-	50,000	2,628	(30,041)	22,587

# **J.C.B. Sales Limited**

## **Notes to the financial statements for the year ended 31 December 2021**

### **1. General information**

The principal activity of J.C.B. 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.

The company is a privately held company, limited by shares and incorporated, registered and domiciled in England, UK. The address of its registered office is Lakeside Works, Rocester, Staffs, ST14 5JP.

### **2. Statement of compliance**

The financial statements of J.C.B. Sales Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

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 102. The company is also exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the JCB Service group or investees of the JCB Service group. The company has taken advantage of the exemption from disclosing total compensation to key management personnel under paragraph 33.7 of FRS 102. The company has also taken the exemption in respect of certain financial instrument disclosures as allowed by FRS 102. For details of other related party transactions see note 22.

The financial statements contain information about J.C.B. Sales Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, JCB Service.

### **3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **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 as modified by certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Going concern**

The directors have prepared a cash flow forecast for the company for a period of at least 12 months from the date of signing these financial statements. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of JCB Service. The directors have received confirmation that JCB Service intends to support the company for at least one year from the date of approval of these financial statements. The JCB Service financial statements have been prepared on a going concern basis.

# **J.C.B. Sales Limited**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

### **3. Summary of significant accounting policies (continued)**

#### **Turnover recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered to customers outside of the company, excluding VAT and sales taxes and net of sales incentives. The company recognises turnover from sales of products, normally on an ex works basis for machines and on despatch for parts. Commissions earned on sales where the company acts as an agent are also recognised on an ex-works basis.

Interest income is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

#### **Sales incentives**

Provisions are made for sales incentives where a legal or constructive obligation exists as at the balance sheet date. Provisions are recognised based on the directors' best estimate of amounts to be paid, taking into account specific customer agreements, historical trends and market factors in the geographies in which the Company operates. Provisions are included within accruals and deferred income and are offset against revenue in the profit and loss account.

#### **Foreign currency**

The company's functional and presentational currency is the pound sterling. Therefore these financial statements are presented in pound sterling and have been rounded to the nearest thousand pounds. 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.

#### **Employee benefits**

Post-employment 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. Full details of the defined benefit scheme can be found in the financial statements of JCB Service which are publicly available.

The defined benefit schemes are closed to new entrants and have been replaced by a stakeholder scheme which is a defined contribution scheme. Post-employment 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.

#### **Taxation**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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.



# **J.C.B. Sales Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **3. Summary of significant accounting policies (continued)**

#### **Tangible assets**

The cost of tangible 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, other than freehold land and assets in the course of construction which are not depreciated.

The principal rates used are:

Plant and machinery	20%
Fixtures, fittings and office equipment	10 – 33.33%
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.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

#### **Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### **Stocks**

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stock is recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. All goods are purchased for resale.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

#### **Repairs and renewals**

All repairs and renewals are expensed as incurred.

# **J.C.B. Sales Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **3. Summary of significant accounting policies (continued)**

#### **Debtors**

Trade debtors are recorded net of amounts discounted without recourse, less any provision for bad or doubtful debts. Initial recognition is at transaction price, subsequently measured at amortised cost.

#### **Government grants**

FRS 102 allows for government grants to be accounted for under either the performance or accruals model. The company applies either the performance or accruals model to different classes of government grants with each class of grant being accounted for under a consistent model. In determining whether grants represent different classes the issuing body, country of issue, performance conditions and specific terms are considered to determine whether grants should be treated as separate classes of grant.

Grants accounted for using the performance model recognise the entire amount of the grant when performance conditions are met. Where all performance conditions are not met at the year end, the grant is taken to deferred income and released to the profit and loss account when the remaining performance conditions are met.

Grants accounted for using the accruals model recognise the amount of the grant over the period the associated costs are incurred. Where grants relate to capital expenditure items, grant income will be recognised over the same useful life over which the capital items are being depreciated. Where grant income relates to employee or other costs the grant income will be recognised in line with the proportion of costs incurred in any one financial period. Where amounts are received in excess of that which can be recognised in a financial period the excess amount is taken to deferred income and is released in subsequent periods.

#### **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.

#### **Investments**

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

The financial statements contain information about J.C.B. Sales Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, JCB Service.

#### **Dividends**

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

# **J.C.B. Sales Limited**

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **3. Summary of significant accounting policies (continued)**

#### **Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other creditors, bank and other loans, loans from fellow company companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### *(iii) Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

# J.C.B. Sales Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management does not consider any of the below areas to be significant judgements.

#### Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

#### Sales incentive provision

Under certain conditions the company offers sales incentives in order to maintain its competitiveness in its respective markets. The provision is calculated by considering economic indicators across geographic regions and market segments. Provisions are made with reference to agreed terms with customers or based on historical experience where formal agreements are not in place.

### 5. Turnover

An analysis of turnover is given below:

	2021 £'000	2020 £'000
Commission earned	76,027	43,659
Machine sales	55,729	32,002
	<b>131,756</b>	<b>75,661</b>

An analysis of turnover by geographical market is given below:

	2021 £'000	2020 £'000
UK & Ireland	76,061	43,393
Europe	54,955	31,694
North America	740	574
	<b>131,756</b>	<b>75,661</b>

J.C.B. Sales Limited is engaged in a single class of business: the sale of a range of excavating machines.

## J.C.B. Sales Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 6. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2021 £'000	2020 £'000
Government grants	-	(753)
Reorganisation expense	-	2,365
Hire of machinery and equipment	1,001	2,302
Hire of land and buildings	829	948
Foreign currency (gains)/losses	(8,542)	17,862
Services provided by the company's auditors:		
Fees payable for the audit	45	43
Depreciation of tangible fixed assets	912	749

#### 7. Particulars of employees

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

	2021 Number	2020 Number
Directors	3	3
Administration	181	203
	184	206

The aggregate payroll costs of these persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	15,531	13,223
Social security costs	2,721	1,461
Other pension costs	1,345	803
	19,597	15,487

# J.C.B. Sales Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 8. Directors' emoluments

The directors' emoluments for the year were as follows:

	2021 £'000	2020 £'000
Directors' emoluments	1,083	446
Post-employment benefits	15	10
	1,098	456

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

	2021 Number	2020 Number
Defined contribution	1	1

The aggregate emoluments of the highest paid director (excluding pension contributions) were £1,082,000 (2020: £446,000).

Emoluments of other directors are borne by other group companies.

### 9. Finance costs

	2021 £'000	2020 £'000
Group interest paid	1,842	514
Discounting charges	5,574	3,680
Interest received from bank deposits	(184)	(133)
	7,232	4,061

### 10. Tax on profit/(loss)

#### Analysis of charge/(credit) in the year

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax on profit/(loss) for the year	4,937	1,350
Adjustments in respect of prior year	(5,310)	33
UK corporation tax	(373)	1,383
Foreign tax	-	669
Total current tax	(373)	2,052
<b>Deferred tax</b>		
Origination and reversal of timing differences	(292)	(5,417)
Adjustments in respect of prior year	4,139	(72)
Total deferred tax	3,847	(5,489)
Total tax on profit/(loss)	3,409	(3,437)

## J.C.B. Sales Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 10. Tax on profit/(loss) (continued)

##### Factors affecting current year tax charge/(credit)

The tax assessed on the profit/(loss) for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	2021 £'000	2020 £'000
Profit/(loss) before taxation	25,210	(24,221)
Profit/(loss) before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	4,790	(4,602)
Permanent differences	147	535
Difference in tax rates on timing differences	21	-
Effect of change in tax rate	(378)	-
Adjustments in respect of prior year	(1,171)	(39)
Overseas tax	-	669
Total tax for the year	3,409	(3,437)

Deferred tax liabilities have not been discounted.

##### Future tax changes

In the 2021 Spring Budget it was announced that the main rate of corporation tax would increase from 19% to 25% from 1 April 2023. These changes were substantively enacted on 24 May 2021 and are therefore reflected in these financial statements.

#### 11. Tangible assets

	Plant & Machinery £'000	Fixtures, Fittings & Office Equipment £'000	Motor Vehicles £'000	Assets under Construction £'000	Total £'000
<b>Cost</b>					
As at 1 January 2021	3,918	5,139	661	1,132	10,850
Additions	283	131	-	1,064	1,478
Reclassifications	1,113	-	-	(1,113)	-
<b>As at 31 December 2021</b>	<b>5,314</b>	<b>5,270</b>	<b>661</b>	<b>1,083</b>	<b>12,328</b>
<b>Accumulated depreciation</b>					
As at 1 January 2021	3,497	2,498	660	-	6,655
Charge for the year	712	200	-	-	912
<b>As at 31 December 2021</b>	<b>4,209</b>	<b>2,698</b>	<b>660</b>	<b>-</b>	<b>7,567</b>
<b>Net book value at 31 December 2021</b>	<b>1,105</b>	<b>2,572</b>	<b>1</b>	<b>1,083</b>	<b>4,761</b>
Net book value at 31 December 2020	421	2,641	1	1,132	4,195

Depreciation is charged in administrative expenses.

# J.C.B. Sales Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 12. Investments

	2021 £'000	2020 £'000
<b>Shares in group company</b>		
As at 1 January 2021 and 31 December 2021	25	25
<b>Shares in subsidiary undertakings</b>		
As at 1 January 2021 and 31 December 2021	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 2021 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
JCB Bamford NV	100%	Equipment distributor	The Netherlands
JCB Belgium NV	100%	Equipment distributor	Belgium

The registered addresses of these companies are included in note 25.

### 13. Stocks

	2021 £'000	2020 £'000
Finished goods	4,955	4,965

During the year stock recognised as an expense in cost of sales was £30,176,000 (2020: £33,971,000).

Stocks are stated after provisions for impairment of £nil (2020: £nil).

The value of stock in the balance sheet is not materially different from the replacement cost.



# J.C.B. Sales Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 14. Debtors

	2021 £'000	2020 £'000
Trade debtors	8,134	6,628
Amounts owed by group undertakings	271,648	214,829
Amounts owed by subsidiary undertakings	11,218	6,460
Amounts owed by related parties outside the JCB Service group	39,968	47,545
Deferred tax	2,119	3,614
Other debtors	78	142
Prepayments and accrued income	49	95
Derivative financial assets	5,612	14,039
	<b>338,826</b>	<b>293,352</b>

Trade debtors are stated net of amounts discounted without recourse of £197,832,000 (2020: £145,292,000). An impairment loss of £nil (2020: £1,228,000) was recognised against trade debtors. Of the amounts owed by group undertakings, £158,052,000 (2020: £168,007,000) are trading balances and do not gather interest. The remaining balance relates to loans bearing interest at 1.0% above bank base rate which are unsecured and are repayable on demand.

#### Deferred tax

The movement in the deferred tax asset/(liability) during the year was:

	2021 £'000	2020 £'000
As at 1 January	3,614	(152)
Deferred tax (credited)/charged to the profit and loss account	(3,847)	5,489
Deferred tax charged/(credited) to reserves	2,352	(1,723)
As at 31 December	<b>2,119</b>	<b>3,614</b>

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

	2021 £'000	2020 £'000
Difference between depreciation and capital allowances on fixed assets	33	22
Tax losses available	-	4,490
Other timing differences	2,086	(898)
	<b>2,119</b>	<b>3,614</b>

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

	2021 £'000	2020 £'000
Bank loans and overdrafts	45,967	46,416
Trade creditors	7,371	4,752
Derivative financial instruments	829	203
Amounts owed to group undertakings	331,281	286,919
Amounts owed to subsidiary undertakings	10,590	2,692
Amounts owed to other related parties outside JCB Service group	4,305	79
Corporation tax	4,548	3,915
Other taxation and social security	251	194
Other creditors	10,367	7,230
Sales incentives	44,389	57,288
Accruals and deferred income	4,227	472
	<b>464,125</b>	<b>410,160</b>

The bank loans and overdrafts are repayable on demand. Within amounts owed to group undertakings are unsecured loans; two of which are repayable on demand with interest at 1.0% above bank base rate; and one that is repayable on 31 March 2024 with a fixed interest rate of 5% per annum.

# J.C.B. Sales Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 16. Creditors: amounts falling after more than one year

	2021 £'000	2020 £'000
Derivative financial instruments	2,155	-

### 17. Pension schemes

The company is a participating employer in two defined benefit schemes: J C Bamford Lifeplan and J C Bamford Excavators Limited Senior Directors and Executives Retirement Benefit scheme. These schemes have a combined deficit of £188.8 million (2020: £336.7 million) calculated in accordance with FRS102. Details of these schemes are disclosed in the financial statements of JCB Service.

### 18. Financial instruments

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Financial assets measured at fair value through profit and loss					
- Derivative financial instruments	14		5,612		14,039
Financial assets constituting debt instruments measured at amortised cost					
- Trade debtors	14	8,134		6,628	
- Amounts owed by group undertakings	14	271,648		214,829	
- Amounts owed by subsidiary undertakings	14	11,218		6,460	
- Amounts owed by related parties outside the JCB Service group	14	39,968		47,545	
- Other debtors	14	78		142	
			331,046		275,604
Financial liabilities measured at fair value through profit and loss					
- Derivative financial instruments	15/16		2,984		203
Financial liabilities measured at amortised cost					
- Bank loans and overdrafts	15	45,967		46,416	
- Trade creditors	15	7,371		4,752	
- Amounts owed to group undertakings	15	331,281		286,919	
- Amounts owed to subsidiary undertakings	15	10,590		2,692	
- Amounts owed to related parties outside JCB Service group	15	4,305		79	
- Other creditors	15	10,367		7,230	
- Accruals	15	4,227		472	
			414,108		348,560

## J.C.B. Sales Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 19. Called up share capital

	2021	2020
	£	£
<b>Allotted, called up and fully paid up</b>		
101 Ordinary shares of £1 each (2020: 101 Ordinary shares of £1 each)	101	101

Each share is entitled to one vote in any circumstances. Each share is entitled pari passu to dividend payments or any other distribution. Each share is entitled pari passu to participate in a distribution arising from winding up of the company. The shares are non-redeemable.

#### 20. Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Share premium – represents the premium arising on the issue of equity shares.

Other reserves – comprises unrealised foreign exchange differences and reserves designated for capital and other purpose including derivative financial instruments.

Accumulated losses – includes all current and prior year retained profits and losses.

#### 21. 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.

#### 22. Related party transactions

The company has taken advantage of the exemption allowed under FRS 102 paragraph 33.1A, 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 £nil (2020: £nil). The net amount due to JCB Research at 31 December 2021 was £nil (2020: £79,000).

The company has in the past sold machines and provided certain services to JCB Construction Equipment (Shanghai) Limited, a company that is ultimately controlled by Bamford family interests. There were no transactions during the year (2020: £nil) and the net amount due from JCB Construction Equipment (Shanghai) Limited at 31 December 2021 was £11,699,000 (2020: £11,651,000).

The company has also recharged costs incurred on behalf of the BHoldings Limited Group, a group in which Lady Bamford OBE and her family are shareholders of £4,606,000 (2020: £782,000). The net amount due from the BHoldings Limited Group at 31 December 2021 was £4,656,000 (2020: £4,811,000).

The company has also previously recharged costs to JCB Hong Kong Limited, a company that is ultimately controlled by Bamford family interests. There were no transactions during the year (2020: £nil) and the net amount due from JCB Hong Kong Limited at 31 December 2021 was £nil (2020: £5,000).

## J.C.B. Sales Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 22. Related party transactions (continued)

The company has loaned funds and provided administrative services to JCB Access Limited, a company in which The Lord Bamford DL is the sole shareholder. The total value of these transactions was sales/recharges of £1,890,000 and purchases of £6,195,000 (2020: sales of £2,054,000). The net amount owed to JCB Access Limited at 31 December 2021 by the company was £4,305,000 (2020: owed to the company £11,540,000).

The company has recharged expenditure of £4,075,000 (2020: £90,000) on behalf of JCB Farms Limited, Wootton Organic Wholesale Ltd and Daylesford Organic Farms Limited, companies owned by Bamford Property Limited, during the year. The net amount due from Bamford Property Limited at 31 December 2021 is £23,613,000 (2020: £19,538,000).

#### 23. 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 financial statements of JCB Service is JCB Group Holdings Sàrl, a company incorporated in Switzerland. JCB Group Holdings Sàrl is ultimately controlled by Bamford family interests.

#### 24. Events after the reporting period

Management have considered the impact of the escalation of the tensions between Russia and Ukraine when preparing these financial statements and consider the invasion is a non-adjusting post balance sheet event. At 31 December 2021, the Russian subsidiary represented 2.1% of the JCB Service Group's net assets. During March 2022 management announced that its Russian subsidiary has stopped manufacturing and selling machines in Russia, and the Group continues to keep the situation under review. If the current situation persists, it is possible that an impairment of the investment may be required in the accounts for the year ended 31 December 2022.

#### 25. Registered addresses

The registered addresses of the subsidiary undertakings are detailed below:

Company	Registered address
JCB Remarketing Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Defence Products Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Europe EURL	3, Rue du Vignolle, 95200, Sarcelles, France
JCB do Brasil Ltda	Avenida Joseph Cyril Bamford, 3600 – Eden – Sorocaba- São Paulo, 18013-139
JCB Benelux Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Kenya Services Limited	LR. 1/1228, Chaka Place, Argwings, Khodhek Road, P.O BOX 46971-00100, Kenya
JCB Russia LLC	Russian Federation, 107045, Moscow, Trubnaya St, 12, Office 1A
J C Bamford NV	Zandweistraat, 16, 4181, CG Waardenburg, Netherlands
JCB Belgium NV	Nijverheidslaan, 1501, 3660, Opglabbeek, België