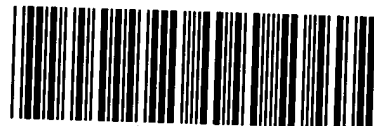


JCB Power Systems Limited
Directors' Report and Financial Statements
for the year ended 31 December 2014

Registered number 04797821

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JCB Power Systems Limited

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JCB Power Systems Limited

Directors and advisors

Directors

J C E Bamford
G A Macdonald
M W Turner
M H Sandford

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

Registered office

Lakeside Works
Rocester
Utttoxeter
Staffs
ST14 5JP

Registered number

04797821

JCB Power Systems 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 Power Systems Limited is the manufacture and sale of engines.

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. Despite these challenging conditions the company has again benefitted from legislation changes to sell higher value engines, increasing its turnover by 14.4% to £145.8m from £127.4m in 2013. Additionally, prudent cost management has improved the overall result with operating profit having increased from £13.7m in 2013 to £18.1m in 2014.

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 and will continue to invest in new product development throughout 2015 and beyond.

Principal risks and uncertainties

The principal risk facing JCB Power Systems 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 Power Systems 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.

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 Power Systems Limited's principal financial assets are bank balances, group receivables and other receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings by international credit rating agencies. JCB Power Systems 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 Power Systems Limited uses a mixture of short term facilities and JCB Service group funding if required. Adequate facilities are available to support the company's business for at least 12 months beyond the date of this report.

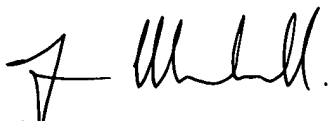
Exchange rate risk

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.

Key performance indicators (KPIs)

JCB Power Systems Limited uses a range of financial and non-financial indicators to monitor performance. The key performance indicators are: market share, revenue and profit trends, cash generation, research and development investment and other operational statistics including factory productivity, quality and health and safety.

On behalf of the board



G A Macdonald
Director

25 JUNE 2015

JCB Power Systems 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).

Research and development

The company continues to invest in product research and development with expenditure during the year of £16.8 million (2013: £11.8 million).

Statutory Records

The company is incorporated in England and its company registration number is 04797821.

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 15 September 2014)

J C E Bamford

G A Macdonald

M W Turner

M H Sandford

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 page 2 of these financial statements.

JCB Power Systems 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 Power Systems Limited

Independent auditors' report to the members of JCB Power Systems Limited

Report on the financial statements

Our opinion

In our opinion, JCB Power Systems 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 profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

JCB Power Systems 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.

Opinion on other matter prescribed by the Companies Act 2006

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.

Other matters on which we are required to report by exception

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.

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.

Responsibilities for the financial statements and the audit

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 Power Systems Limited

Independent Auditors' Report to the members of JCB Power Systems Limited (continued)

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 Power Systems Limited

Profit & loss account for year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	145,766	127,404
Cost of sales		(125,919)	(110,834)
Gross profit		19,847	16,570
Distribution costs		(749)	(721)
Administrative costs		(1,014)	(2,185)
Operating profit	3	18,084	13,664
Interest payable and similar charges	6	(855)	(776)
Profit on ordinary activities before taxation		17,229	12,888
Tax on profit on ordinary activities	7	(3,007)	(2,299)
Profit for the financial year	15	14,222	10,589

All activities are derived from continuing operations.

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

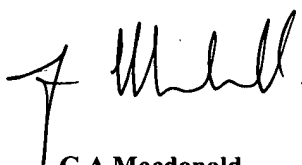
There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year as stated above and their historical cost equivalents.

JCB Power Systems Limited

Balance Sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	15,929	12,853
Current assets			
Stocks	9	50,285	31,404
Debtors	10	17,711	14,945
Cash at bank and in hand		117	27
		68,113	46,376
Creditors – amounts falling due within one year	11	(89,519)	(78,994)
Net current liabilities		(21,406)	(32,618)
Total assets less current liabilities		(5,477)	(19,765)
Provisions for liabilities	13	(921)	(855)
Net liabilities		(6,398)	(20,620)
Capital and reserves			
Share capital	14	-	-
Profit and loss account	15	(6,398)	(20,620)
Total shareholder's deficit	16	(6,398)	(20,620)

The financial statements on pages 7 to 16 were approved by the board of directors on 25 JUNE 2015 and were signed on its behalf by:



G A Macdonald
Director

Registered Number: 04797821

JCB Power Systems 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. JCB Service, the company's immediate parent company, has confirmed that it is its present intention to continue to provide, or procure to provide, sufficient financial support to the company so as to enable the company to remain in operational existence and to meet its liabilities as they fall due for a period of no less than 12 months from the date of approval of these financial statements. Having received this confirmation, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

A summary of the more important accounting policies, which have been applied on a consistent basis with the prior year, is set out below.

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 products and services supplied to customers, excluding VAT and sales taxes and net of sales incentives. The company recognises revenue from sales of products 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, other than assets in the course of construction which are not depreciated.

The principal rates used are:

Buildings	2%
Plant and machinery	10% - 33.33%
Fixtures, fittings and office equipment	10% - 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 and work in progress

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.

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.

JCB Power Systems Limited

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

1. Accounting policies (continued)

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.

Warranty

Provision is made for the company's estimated liability on all engines still under warranty, including claims already received. The provision is charged against trading profits and is included in provisions for liabilities and charges, with amounts recoverable from suppliers included within other debtors.

Research and development

Expenditure on research and development is incurred continuously and is expensed as incurred.

Repairs and renewals

All repairs and renewals are expensed as incurred.

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.

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.

2. Turnover

An analysis of turnover by geographical market is given below:

	2014 £'000	2013 £'000
United Kingdom	135,072	111,051
Europe	386	2,715
North America	5,693	6,110
Middle East	-	61
Far East	1,576	2,794
Latin America	1,056	3,513
India	1,983	1,114
Africa	-	46
	145,766	127,404

JCB Power Systems Limited

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

3. Operating profit

Operating profit is stated after charging/(crediting):

	2014 £'000	2013 £'000
Hire of machinery and equipment	435	437
Foreign currency losses	233	629
Depreciation of tangible fixed assets	2,024	1,958
Research and development expenditure	16,811	11,839
Services provided by the company auditor		
Fees payable for the audit	17	17

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	5	5
Administration and service	6	6
Production	222	208
	233	219

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	12,482	11,431
Social security	998	1,128
Defined contribution pension cost	613	605
	14,093	13,164

5. Directors' emoluments

The directors' emoluments for the year were as follows:

	2014 £'000	2013 £'000
Directors' emoluments	-	367
Defined benefit pension cost	-	54
	-	421

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

	2014 Number	2013 Number
Defined benefit	-	1

The aggregate emoluments of the highest paid director (excluding pension contributions) were £nil (2013: £367,000).

6. Interest payable and similar charges

	2014 £'000	2013 £'000
Group interest	821	756
Discounting charges	34	20
	855	776

JCB Power Systems Limited

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

7. Tax on profit on ordinary activities

Analysis of charge in the year

	2014 £'000	2013 £'000
Current tax		
UK corporation tax charge on profits of the year	3,798	3,521
Adjustment in respect of prior year	(697)	(1,073)
Total current tax	3,101	2,448
Deferred tax		
Origination and reversal of timing differences	(139)	(5)
Adjustments in respect of prior year	45	(144)
Total deferred tax	(94)	(149)
Total tax on profit on ordinary activities	3,007	2,299

Factors affecting current year tax charge

The tax charge assessed on the profit on ordinary activities for the year is lower than (2013: lower 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
Profit on ordinary activities before taxation	17,229	12,888
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	3,704	2,996
Excess of depreciation charge over capital allowances	231	5
Permanent differences	(55)	520
Adjustment in respect of prior year	(697)	(1,073)
Other timing differences	(82)	-
Total current tax for the year	3,101	2,448

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.

JCB Power Systems Limited

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

8. Tangible fixed assets

	Buildings	Plant & Machinery	Fixtures, Fittings and Office Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 January 2014	1,498	19,630	1,587	2,296	25,011
Additions	-	1,622	-	3,478	5,100
Reclassification	-	2,520	45	(2,565)	-
As at 31 December 2014	1,498	23,772	1,632	3,209	30,111
Depreciation					
As at 1 January 2014	131	10,821	1,206	-	12,158
Charge for the year	33	1,870	121	-	2,024
As at 31 December 2014	164	12,691	1,327	-	14,182
Net book value at 31 December 2014	1,334	11,081	305	3,209	15,929
Net book value at 31 December 2013	1,367	8,809	381	2,296	12,853

9. Stocks and work in progress

	2014	2013
	£'000	£'000
Raw materials	7,278	7,574
Work in progress	193	1,694
Finished goods	42,814	22,136
	50,285	31,404

10. Debtors

	2014	2013
	£'000	£'000
Trade debtors	362	119
Amounts owed by group undertakings	13,025	8,354
Amounts owed by related parties outside the JCB Service group	652	1,334
Other debtors	3,230	2,642
Prepayments and accrued income	442	2,496
	17,711	14,945

Trade debtors are stated net of amounts discounted without recourse of £2,764,000 (2013: £1,567,000).

JCB Power Systems Limited

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

11. Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Bank overdraft	22,422	3,769
Trade creditors	9,631	10,430
Amounts owed to group undertakings	51,861	58,309
Amounts owed to other related parties outside JCB Service group	65	4
Corporation tax	2,410	2,177
Taxation and social security	308	306
Accruals and deferred income	2,822	3,999
	89,519	78,994

The bank overdraft is repayable on demand.

12. 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.

13. Provisions for liabilities

	2014	2013
	£'000	£'000
Deferred tax	46	140
Warranty provision	875	715
	921	855

Deferred tax

The movement in the net deferred tax liability during the year was:

	2014	2013
	£'000	£'000
As at 1 January	140	289
Deferred tax credited to the profit and loss account	(94)	(149)
As at 31 December	46	140

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

	2014	2013
	£'000	£'000
Difference between capital allowances and depreciation on fixed assets	46	140

JCB Power Systems Limited

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

13. Provisions for liabilities (continued)

Warranty provision

	2014 £'000	2013 £'000
As at 1 January 2014	715	601
Charged to the profit and loss account	2,962	1,065
Amounts utilised during the year	(2,802)	(951)
As at 31 December 2014	875	715

It is expected that most warranty expenditure will be incurred in the next financial year, and nearly all will be incurred within two years of the balance sheet date.

14. Share capital

	2014 £	2013 £
Allotted, called up and fully paid up		
1 Ordinary share of £1 each (2013: 1 Ordinary share of £1 each)	1	1

15. Reserves

	Profit & Loss account £'000
Balance at 1 January 2014	(20,620)
Profit for the year	14,222
Balance at 31 December 2014	(6,398)

16. Reconciliation of movement in shareholder's deficit

	2014 £'000	2013 £'000
Profit for the financial year	14,222	10,589
Opening shareholder's deficit	(20,620)	(31,209)
Closing shareholder's deficit	(6,398)	(20,620)

JCB Power Systems Limited

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

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.

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 some of its research and development projects to JCB Research, a company in which Lord Bamford is the sole shareholder. It has also provided certain research and development services to JCB Research during the year. The total value of services purchased by the company during the year was £94,000 (2013: £174,000). The net amount owed by the company to JCB Research at 31 December 2014 was £4,000 (2013: £7,000 owed to the company).

The company has sold engines and parts to JCB Construction Equipment (Shanghai) Limited, a company ultimately controlled by Bamford family interests. The total value of these transactions was sales of £1,550,000 (2013: £2,516,000). The net amount owed to the company at 31 December 2014 by JCB Construction Equipment (Shanghai) Limited was £346,000 (2013: £1,325,000).

The company supplies machine components and parts to JCB Power Products Limited, a company in which Lady Bamford OBE and her family are the shareholders. The total value of these sales during the year was £491,000 (2013: £1,073,000). The net amount owed to the company at 31 December 2014 by JCB Power Products Limited was £303,000 (2013: 2,000 owed by the company).

The company has also acquired parts from JCB Hong Kong Limited, a company that is ultimately controlled by Bamford family interests. The total value of these purchases was £232,000 (2013: £12,000). The net amount due to JCB Hong Kong Limited at 31 December 2014 was £58,000 (2013: £nil).

19. Ultimate controlling party

The company is a wholly-owned subsidiary of JCB Service, an unlimited liability company incorporated in England and Wales and which 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.