

**JCB Power Products Limited**  
**Directors' Report and Financial Statements**  
**for the year ended 31 December 2022**

**Registered number 05846086**

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# **JCB Power Products Limited**

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# **JCB Power Products Limited**

## **Directors and advisors**

### **Directors**

The Lord Bamford DL  
G A Macdonald  
L G Brown

### **Company secretary**

S E R Ovens

### **Independent Auditors**

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

### **Solicitors**

Slaughter & May  
1 Bunhill Row  
London  
EC1Y 8YY

### **Banks**

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

### **Registered office**

Lakeside Works  
Rocester  
Uttoxeter  
Staffordshire  
ST14 5JP

### **Registered number**

05846086

# **JCB Power Products Limited**

## **Strategic report for the year ended 31 December 2022**

The directors present their strategic report on the company for the year ended 31 December 2022.

### **Principal activities**

The principal activity of JCB Power Products Limited is the design and manufacture of diesel generators.

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

The global market for generators in 2022 is estimated at \$21.6bn (2021: \$24.5bn) (source: Markets and Markets data). In this same period JCB retailed 3,532 units (2021: 3,119 units) into the market, an increase of 13% on the previous year and revenue grew from £54.4m to £71.8m, an increase of 32%. The cash position of the JCB Power Products Limited remains healthy at £2.1m (2021: £2.1m) and the company ended 2022 with an improved net liability position of £2.6m (2021: £4.8m).

2022 saw JCB Power Products Limited launch new models of EU Stage V compliant generators further extending the range in Europe and more than double its sales of zero emissions battery packs versus the prior year.

It is expected that 2023 will see further market and sales growth with new product launches in both EU Stage V emissions generators and battery packs.

### **Going concern**

The directors have reviewed financial forecasts for the 12 months from the approval date of these financial statements, taking account of reasonably possible changes in trading condition. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of J.C.B. Service. The directors have received confirmation that J.C.B. Service intends to support the company for at least one year from the date of approval of these financial statements. The J.C.B. Service financial statements have been prepared on a going concern basis.

### **Principal risks and uncertainties**

The principal risk facing JCB Power Products 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 Products 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.

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**

JCB Power Products Limited's principal financial assets are trade receivables, group receivables and other receivables. The credit risk is primarily attributable to its trade receivables with potential recoverability issues mitigated by credit insurance. JCB Power Products 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 Products Limited uses a mixture of short term facilities and J.C.B. 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 J.C.B. Service group's hedging arrangements. The group hedges exchange rate exposure on foreign currency transactions, mainly those relating to sales, where a significant proportion thereof is invoiced in foreign currencies. It is the group's policy to reduce this exposure through the use of forward currency contracts.

# JCB Power Products Limited

## Strategic report for the year ended 31 December 2022 (continued)

### Principal risks and uncertainties (continued)

#### *Price risk*

The company's products contain a number of key raw materials and its operations require energy, notably electricity. Any increase or volatility in prices and any significant decrease in the availability of raw materials or energy could affect the company's results. The company strives to obtain the best prices and uses contractual means to benefit where appropriate and possible.

#### **Key performance indicators (KPIs)**

JCB Power Products Limited uses a range of financial and non-financial indicators to monitor performance.

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

	2022 £'000	2021 £'000
Turnover	71,801	54,418
Operating profit/(loss)	531	(1,607)

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

#### **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, as outlined in the directors' report. 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.

#### *Suppliers and customers*

The company develops innovative new products that are designed to meet global customer's needs. 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.

# JCB Power Products Limited

## Strategic report for the year ended 31 December 2022 (continued)

### Section 172(1) statement (continued)

#### *Community and the Environment*

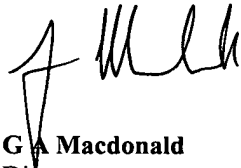
The company's strategy for environmental sustainability covers six core work streams - alternative fuels and product efficiency; waste reduction; use of recycled materials; carbon reduction in the logistics and manufacturing operations; removal of single use plastics; and culture and behaviour change. 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 June 2023

# **JCB Power Products Limited**

## **Directors' report for the year ended 31 December 2022**

The directors present their report and the audited financial statements for the year ended 31 December 2022.

### **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 (2021: £nil).

### **Research and development**

The company continues to invest in product research and development with expenditure during the year of £5.3 million (2021: £3.3 million).

### **Statutory records**

The company is a privately held company, limited by shares, and incorporated in the UK. Its company registration number is 05846086.

### **Directors**

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

The Lord Bamford DL

G A Macdonald

I J Sayers (resigned 9 February 2022)

I J Pratt (appointed 9 February 2022, resigned 12 May 2023)

L G Brown (appointed 12 May 2023)

### **Directors Indemnity Insurance**

The company purchases qualifying third party indemnity 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. 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 Equality Act 2010 and all other employment equality regulations with supporting policies. Full and fair consideration is given to applications for employment who experience disabilities. For those employees experiencing disabilities during the course of their employment, every effort is made, whether through reasonable workplace adjustments, 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 principal activity, going concern, 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.

# **JCB Power Products Limited**

## **Directors' report for the year ended 31 December 2022 (continued)**

### **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, 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 company will continue in business.

The directors are 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 also 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 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 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 June 2023



# **JCB Power Products Limited**

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

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

#### **Opinion**

In our opinion, JCB Power Products Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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, including 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 2022; the Profit and loss account 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.

# **JCB Power Products Limited**

## **Independent auditors' report to the members of JCB Power Products 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 2022 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 health and safety regulations, 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 and tax legislation. 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:

# JCB Power Products Limited

## Independent auditors' report to the members of JCB Power Products 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;
- 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;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- auditing the tax computations to ensure compliance with tax legislation.

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.

Helen Smuts

**Helen Smuts (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

27 June 2023

# JCB Power Products Limited

## Profit and loss account for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	5	71,801	54,418
Cost of sales		(66,497)	(54,213)
<b>Gross profit</b>		<b>5,304</b>	<b>205</b>
Administrative expenses		(4,774)	(1,812)
<b>Operating profit/(loss)</b>	6	<b>530</b>	<b>(1,607)</b>
Interest receivable and similar income	9	366	168
Interest payable and similar expenses	10	(1,014)	(379)
<b>Loss before taxation</b>		<b>(118)</b>	<b>(1,818)</b>
Tax on loss	11	809	1,455
<b>Profit/(loss) for the financial year</b>		<b>691</b>	<b>(363)</b>

All activities are derived from continuing operations.

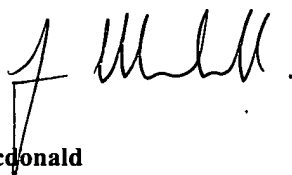
The company has no other comprehensive income or expense for the year and prior year other than the results above and therefore no separate statement of comprehensive income has been presented.

# JCB Power Products Limited

## Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible assets	12	698	382
Investments	13	10	10
		<b>708</b>	<b>392</b>
<b>Current assets</b>			
Stocks	14	10,100	5,787
Debtors	15	49,762	37,316
Cash at bank and in hand		2,059	2,112
		<b>61,921</b>	<b>45,215</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(64,531)</b>	<b>(49,744)</b>
<b>Net current liabilities</b>		<b>(2,610)</b>	<b>(4,529)</b>
<b>Total assets less current liabilities</b>		<b>(1,902)</b>	<b>(4,137)</b>
Provisions for liabilities	17	(2,157)	(613)
<b>Net liabilities</b>		<b>(4,059)</b>	<b>(4,750)</b>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Accumulated losses	20	(4,059)	(4,750)
<b>Total shareholders' deficit</b>		<b>(4,059)</b>	<b>(4,750)</b>

The financial statements on pages 10 to 24 were approved by the board of directors on **27 June 2023** and were signed on its behalf by:



**G A Macdonald**  
Director

**Registered Number: 05846086**

## JCB Power Products Limited

### Statement of changes in equity for the year ended 31 December 2022

	Called-up share capital £'000	Accumulated losses £'000	Total shareholders' deficit £'000
Balance as at 1 January 2021	-	(4,387)	(4,387)
Loss for the financial year	-	(363)	(363)
Total comprehensive expense for the year	-	(363)	(363)
Balance as at 31 December 2021	-	(4,750)	(4,750)
Profit for the financial year	-	691	691
Total comprehensive income for the year	-	691	691
Balance as at 31 December 2022	-	(4,059)	(4,059)

# **JCB Power Products Limited**

## **Notes to the financial statements for the year ended 31 December 2022**

### **1. General information**

The principal activity of JCB Power Products Limited is the design and manufacture of diesel generators.

The company is a limited company incorporated and domiciled in England, UK. The address of its registered office is Lakeside Works, Rocester, Uttoxeter, Staffordshire, ST14 5JP.

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

The financial statements of JCB Power Products 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 J.C.B. Service and is included in the consolidated financial statements of J.C.B. 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 J.C.B. Service group or investees of the J.C.B. 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.

The financial statements contain information about JCB Power Products 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, J.C.B. 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 J.C.B. Service. The directors have received confirmation that J.C.B. Service intends to support the company for at least one year from the date of approval of these financial statements. The J.C.B. Service financial statements have been prepared on a going concern basis.

# **JCB Power Products Limited**

## **Notes to the financial statements for the year ended 31 December 2022 (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 when significant risk and rewards have been transferred to external parties, normally upon shipment. Turnover from the provision of services is recognised in the accounting period in which the services are rendered when the outcome of contract can be estimated reliably.

Interest income is recognised using the effective interest rate method.

#### **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 J.C.B. 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.



# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

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

#### 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.

#### Tangible fixed assets

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

The principal rates used are:

Plant and machinery	10% - 25%
Fixtures, fittings and equipment	10% - 33.33%
Motor Vehicles	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.

# **JCB Power Products Limited**

## **Notes to the financial statements for the year ended 31 December 2022 (continued)**

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

#### **Impairment of non-financial assets (continued)**

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 and work in progress**

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 and includes direct materials, labour and appropriate works overhead.

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.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within the creditors falling due within one year note, on the bank loans and overdrafts line.

#### **Warranty provision**

Provision is made for the company's estimated liability on all machines still under warranty, including claims already received. The provision is charged against trading profits and is included in provisions for liabilities, with amounts recoverable from suppliers included within other debtors. Deferred income in relation to warranty contracts is included within the warranty provision and released over the life of the policy net of the costs incurred.

#### **Research and development**

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

#### **Repairs and renewals**

All repairs and renewals on fixed assets are expensed as incurred.

#### **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.

#### **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 JCB Power Products 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, J.C.B. Service.

# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (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 prepayment 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.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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.

# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (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 do not believe that any of the estimates involved in the preparation of the financial statements meet the definition of critical estimates.

#### Stock provisioning

The company considers the recoverability of the cost of stock and makes an estimate of the associated provision required. When calculating the stock provision, management considers the nature and condition of its stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14 for the net carrying amount of the stock and associated provision.

#### Standard warranty provision

The company designs, manufactures and sells construction equipment with certain products having a warranty period associated with their sale. As a result the company considers the future cost of warranty claims and the provision arising. When calculating the provision required, management considers its obligation to make good eligible issues within the relevant warranty period for those product lines having warranty conditions attached, and takes into account historical data and known performance issues. See note 17 for the warranty movement and year end provision.

### 5. Turnover

An analysis of turnover by geographical market is given below:

	2022 £'000	2021 £'000
UK & Ireland	12,950	12,223
Europe	4,168	7,001
North America	39,883	25,674
Rest of World	14,800	9,520
	<b>71,801</b>	<b>54,418</b>

JCB Power Products Limited is engaged in a single class of business: the design, manufacture, marketing and sale of a range of diesel generators.

### 6. Operating profit/(loss)

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

	2022 £'000	2021 £'000
Hire of machinery and equipment	224	161
Services provided by the company's auditors:		
Fees payable for the audit	62	56
Foreign currency gain	(1,134)	(498)
Depreciation of tangible fixed assets	110	66
Research and development expenditure	5,277	3,252

# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 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:

	2022 Number	2021 Number
Directors	3	3
Administration and service	38	15
Production	34	34
	75	52

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	4,118	3,682
Social security costs	431	178
Other pension costs	221	118
	4,770	3,978

### 8. Directors' emoluments

The directors' emoluments for the year were as follows:

	2022 £'000	2021 £'000
Directors' emoluments	438	50
Defined benefit pension cost	-	-
	438	50

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

	2022 Number	2021 Number
Defined benefit	-	-

The aggregate emoluments of the highest paid director (excluding pension contributions) were £388,000 (2021: £50,000).

Emoluments of the remaining directors are borne by other group companies.

### 9. Interest receivable and similar income

	2022 £'000	2021 £'000
Other interest	366	168

### 10. Interest payable and similar expenses

	2022 £'000	2021 £'000
Other interest	1,014	379

# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 11. Tax on loss

Analysis of credit in the year	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax (credit)/charge on loss for the year	(128)	(343)
Adjustment in respect of prior year	89	(1,632)
Total current tax	(39)	(1,975)
<b>Deferred tax</b>		
Origination and reversal of timing differences	12	24
Adjustment in respect of prior year	57	506
Effect of changes in tax rates	(839)	(10)
Total deferred tax	(770)	520
Total tax credit on loss	(809)	(1,455)

#### Factors affecting current year tax credit

The tax credit assessed on the loss for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

The differences are explained below:	2022 £'000	2021 £'000
Loss before taxation	(118)	(1,818)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(22)	(345)
Expenses not deductible	7	(1)
Permanent differences	(101)	-
Adjustment in respect of prior year	146	(1,126)
Tax rate changes	(839)	(10)
Deferred tax not recognised	-	27
Total tax for the year	(809)	(1,455)

#### Future tax changes

The UK headline corporation tax rate for the year was 19.0% (2021: 19.0%). In the 2021 Spring Budget, the UK Government announced that from 1 April 2023 the rate of UK corporation tax will increase from 19% to 25%. This new law was substantively enacted on 24 May 2021. UK deferred tax assets and liabilities have therefore been calculated at a rate of 25% (2021: 25%).

# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 12. Tangible assets

	Plant and Machinery	Fixtures, Fittings and Equipment	Motor Vehicles	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
As at 1 January 2022	221	385	5	92	703
Additions	24	59	-	358	441
Disposals	(54)	(7)	(5)	-	(66)
<b>As at 31 December 2022</b>	<b>191</b>	<b>437</b>	<b>-</b>	<b>450</b>	<b>1,078</b>
<b>Accumulated depreciation</b>					
As at 1 January 2022	142	174	5	-	321
Charge for the year	49	61	-	-	110
Disposals	(40)	(6)	(5)	-	(51)
<b>As at 31 December 2022</b>	<b>151</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>380</b>
<b>Net book value at 31 December 2022</b>	<b>40</b>	<b>208</b>	<b>-</b>	<b>450</b>	<b>698</b>
Net book value at 31 December 2021	79	211	-	92	382

Depreciation is charged to cost of sales and administrative expenses.

### 13. Investments

	2022 £'000	2021 £'000
<b>Shares in subsidiary undertakings</b>		
As at 1 January and 31 December	10	10

#### Subsidiary undertakings

At 31 December 2022 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 Power Products Broadcrown Limited	100%	Equipment distributor	UK
JCB Power Products India Private Limited	100%	Equipment manufacturer	India

The registered addresses of these companies are included in note 24.

### 14. Stocks

	2022 £'000	2021 £'000
Raw materials	3,375	3,222
Work in progress	472	565
Finished goods	6,253	2,000
	<b>10,100</b>	<b>5,787</b>

Stocks are stated after provisions for impairment of £1,466,000 (2021: £981,000).

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

# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 15. Debtors

	2022 £'000	2021 £'000
Trade debtors	183	1,800
Amounts owed by group undertakings	44,783	31,495
Corporation tax	222	1,301
Deferred tax	3,471	2,701
Other debtors	1,101	19
Prepayments and accrued income	2	-
	<b>49,762</b>	<b>37,316</b>

Trade debtors are stated net of amounts discounted without recourse of £3,237,000 (2021: £4,921,000). A bad debt provision of £nil (2021: £nil) is recognised against trade debtors.

Of the amounts owed by group undertakings, £29,783,000 (2021: £16,495,000) are unsecured trading balances that do not gather interest and are repayable on demand. The remaining balance relates to a £15,000,000 (2021: £15,000,000) loan repayable on demand bearing interest at 1.0% above bank base rate.

### Deferred tax

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

	2022 £'000	2021 £'000
As at 1 January	2,701	3,221
Adjustment in respect of prior years	(57)	(506)
Deferred tax credited/(charged) to the profit and loss account	827	(14)
As at 31 December	<b>3,471</b>	<b>2,701</b>

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

	2022 £'000	2021 £'000
Difference between capital allowances over depreciation on fixed assets	(23)	45
Tax losses available	3,494	2,656
	<b>3,471</b>	<b>2,701</b>

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

	2022 £'000	2021 £'000
Trade creditors	3,577	2,908
Amounts owed to group undertakings	50,208	45,225
Taxation and social security	99	-
Other creditors	1,473	13
Sales incentives	473	352
Accruals	2,594	1,246
Deferred income	6,107	-
	<b>64,531</b>	<b>49,744</b>

Of the amounts owed to group undertakings, £9,208,000 (2021: £8,225,000) are unsecured trading balances that do not gather interest and are repayable on demand. The remaining balance of £41,000,000 (2021: £37,000,000) relates to loans repayable on demand bearing interest at 1.0% above bank base rate.



# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 17. Provisions for liabilities

#### Warranty provision:

	2022 £'000	2021 £'000
As at 1 January	613	455
Charged to the profit and loss account	2,347	575
Amounts utilised during the year	(803)	(417)
<b>As at 31 December</b>	<b>2,157</b>	<b>613</b>

### 18. Financial instruments

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Financial assets constituting debt instruments measured at amortised cost					
- Trade debtors	15	183		1,800	
- Amounts owed by group undertakings	15	44,783		31,495	
- Other debtors	15	1,101		19	
- Prepayments	15	2		-	
			46,069		33,314

#### Financial liabilities measured at amortised cost

- Trade creditors	16	3,577		2,908	
- Amounts owed to group undertakings	16	50,208		45,225	
- Other creditors	16	1,473		13	
- Accruals	16	2,594		1,246	
			57,143		49,392

### 19. Called up share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid up</b>		
10 Ordinary shares of £1 each (2021: 10 Ordinary shares of £1 each)	10	10

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.

# JCB Power Products Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 20. Reserves

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

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

### 21. Contingent liabilities

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

### 22. Obligations under leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2022 £'000	2021 £'000
Not later than one year	70	70
Later than one year and not later than five years	208	278
Later than five years	-	-
	278	348

### 23. Ultimate controlling party

The company is a wholly-owned subsidiary of J.C.B. Service, an unlimited liability company incorporated in England and Wales. J.C.B. Service is the smallest company to consolidate the results of the company. The largest company to consolidate the financial statements of J.C.B. Service is JCB Group Holdings Sàrl, a company incorporated in Switzerland. JCB Group Holdings Sàrl is ultimately controlled by Bamford family interests.

### 24. Registered Addresses

The registered addresses of the subsidiary undertakings are detailed below:

Company	Registered address
JCB Power Products Broadcrown Limited	Hixon Airfield Industrial Estate, Hixon, Stafford, England, ST18 0PF
JCB Power Products India Private Limited	B-1/I-1, 2 <sup>nd</sup> floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India