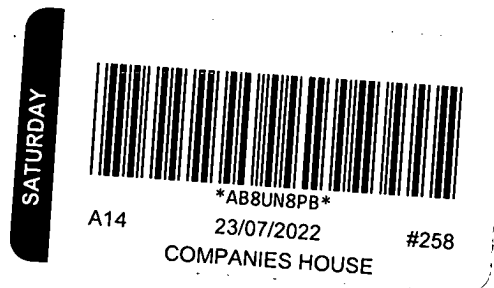


J.C. Bamford Excavators Limited
Directors' Report and Consolidated Financial Statements
for the year ended 31 December 2021

Registered number 00561597



J.C. Bamford Excavators Limited

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J.C. Bamford Excavators Limited

Directors and advisors

Directors

The Lord Bamford DL

Lady Bamford OBE

M J C Bamford

G A Macdonald

M W Turner

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

Bankers

Barclays Bank plc

PO Box 3333

One Snowhill

Snow Hill Queensway

Birmingham

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HSBC Bank plc

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Birmingham

B3 2QZ

Citibank NA

Canada Square

Canary Wharf

London

E14 5LB

Lloyds Bank plc

Ground Floor

10 Gresham Street

London

EC2V 7AE

National Westminster Bank plc

9th Floor

250 Bishopsgate

London

EC2M 4AA

Registered office

Lakeside Works

Rocester

Uttoxeter

Staffordshire

ST14 5JP

Registered number

00561597

J.C. Bamford Excavators Limited

Strategic report for the year ended 31 December 2021

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

Principal activities

The principal activity of J.C. Bamford Excavators Limited and its subsidiaries (together the 'group') is the design, manufacture, marketing and sale of machines primarily for the construction and agricultural industries.

Review of business and future developments

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

In March 2022, due to the conflict between Russia and Ukraine, JCB Russia LLC stopped manufacturing and selling machines in Russia. More detail on the directors' assessment of the situation is included in note 28 of these financial statements.

Group turnover increased by 41.1% to £3,438.3 million (2020: £2,437.0 million), resulting in a gross profit of £624.2 million (2020: £443.5 million). Operating profit was £322.3 million in 2021, compared to £133.6 million in 2020. Net assets increased to £1,117.0 million at the year-end (2020: £730.7 million), while net cash and cash equivalents have increased to £323.9 million (2020: £241.6 million).

Going concern

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

Principal risks and uncertainties

The principal risk facing J.C. Bamford Excavators Limited is the cyclical nature of the industry as a whole, which, in broad terms, tracks the global economic cycle. To manage this risk, the group addresses a spectrum of regional markets and product sectors, and operates an organisation and capital structure which is flexible and fast reacting to market conditions. Over its history, the group has grown in the good years and weathered the downturns, increasing the size of the business as each cycle progresses.

Other key risks monitored by the executive management team are the competitive environment, protection of intellectual property, agility of the supply chain, 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 group's operations expose it to a variety of risks that include credit risk, liquidity risk and exchange rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group.

Credit risk

The group's principal financial assets are cash, 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. The group 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, the group uses a mixture of short term facilities and JCB Service group funding if required. Adequate facilities are available to support the group and company's business for at least 12 months beyond the date of this report.

J.C. Bamford Excavators Limited

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

Financial risk management (continued)

Exchange rate risk

The exchange rate risk is mitigated by the JCB Service group's hedging arrangements. The JCB Service 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 policy of the JCB Service group to reduce this exposure through the use of forward currency contracts.

Price risk

The group'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 group's results. The group strives to obtain the best prices and uses contractual means to benefit where appropriate and possible. The group has a significant degree of control over its supply chain which enables it to effectively manage the risk in this area.

Key performance indicators (KPIs)

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

Financial measures are turnover, operating profit and cash generated from operations:

	2021 £m	2020 £m
Turnover	3,438.3	2,437.0
Operating profit	322.3	133.6
Net cash generated from/(used in) operating activities	159.6	(145.8)

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 group is dependent upon the efforts of its stakeholders, including employees, suppliers and customers, and the directors take into consideration the interests of these stakeholders when making decisions.

Employees

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

Suppliers and customers

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

J.C. Bamford Excavators Limited

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

Section 172(1) statement (continued)

Community and the Environment

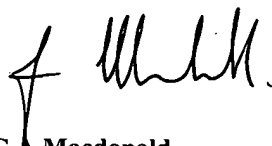
The group's strategy for environmental sustainability covers six core work streams - alternative fuels and product efficiency; waste reduction; use of recycled materials; carbon reduction in the logistics and manufacturing operations; removal of single use plastics; and culture and behaviour change. 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. JCB also undertakes a range of activities internationally – regularly donating machines and manpower to communities devastated by natural disasters worldwide. In the areas where it operates globally JCB supports the local communities with activities such as adopting a local school in India and providing an early childhood development centre for disadvantaged children in Savannah, USA.

Business conduct

The group 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 group's supplier code of conduct, health and wellbeing policy and other documents are published on the group's website.

Approved on behalf of the board



G A Macdonald
Director

29 June 2022

J.C. Bamford Excavators Limited

Directors' report for the year ended 31 December 2021

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

Future developments

Details of anticipated future developments in the group's business have been provided in the strategic report on page 2.

Dividends

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

Research and development

The group is conscious of the impact of its products on the climate, and spends a considerable amount of planning and research to develop programmes that will contribute to tackling climate change. The group incurred research and development expenditure during the year of £57.6 million (2020: £63.8 million).

Post balance sheet events

Events after the reporting period have been disclosed in note 28 of these financial statements.

Political donations

The group made political donations to the Midlands Industrial Council of £25,000 (2020: £25,000), East Staffordshire Conservatives £20,000 (2020: £nil) and the Vale of Glamorgan Conservatives £2,000 (2020: £nil).

Statutory records

The company is a privately held company, limited by shares, and incorporated in the UK. Its company registration number is 00561597.

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
Lady Bamford OBE
M J C Bamford
G A Macdonald
M W Turner

Directors' indemnity insurance

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

Corporate Governance

The directors are collectively responsible for ensuring that they operate in a manner which best promotes the interests of the group with consideration to its wider group of stakeholders. Underpinning this responsibility is an appropriate Corporate Governance framework, specifically designed to meet the needs of JCB and is based on the Wates Principles. The framework ensures the values, strategy and culture of the group are communicated and followed.

Purpose and leadership

The group's mission is to grow by providing innovative, strong and high-performance products and solutions to meet the needs of global customers, supported by superior customer care. This care extends to the environment and the community. The group wants to help build a better future where hard work and dedication are given their just reward. These fundamental principles drive the governance of the group.

Board composition

The directors possess the required skills and experience to run the business. Executive directors that are appointed have demonstrated substantial experience working within the group. The directors comprise the Chairman, Chief Executive Officer and the executive directors. The diversity of the board supports the group's values on gender equality. The directors meet on a regular basis, however additional meetings can be called as necessary to perform its functions.

J.C. Bamford Excavators Limited

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

Corporate Governance (continued)

Director responsibilities

The directors are responsible for the group's strategy, including the likely consequences of any decisions in the long term and the general conduct of the group's affairs. The directors review and oversee the group's policy in relation to employee remuneration (delegated to a remuneration committee); succession planning; risk management and internal control; safety and environmental matters; and regulatory compliance. A wider team of senior management is responsible for the operational management of the group with support and guidance from the directors. Clear written guidelines have been set outlining matters solely reserved for approval by the directors.

Opportunity and risk

The directors regularly review the strategies, opportunities and risks faced by the group. A group risk and control committee meets on a monthly basis to identify and monitor risks and these are communicated to senior management. The principal risks facing the group are set out in detail in the strategic report.

Remuneration

The directors ensure that remuneration for all employees is appropriate and fair. The directors of JCB Service have appointed a remuneration committee comprising certain directors and advisors that is responsible for senior directors pay and benefits. Remuneration is linked to the achievement of the group as well as personal performance. The directors are mindful of the gender pay gap and report on this annually on the group's website.

Stakeholder relationships and engagement

The directors acknowledge the need to encourage employee involvement in the improvement of the group's performance by supporting individual training and performance plans. Important information is supplied and feedback is obtained through regular consultation with employees. Regarding the local community, the group has a long-standing tradition of providing support through various means including sponsoring local schools, recreational facilities and other good causes. In addition, the group regularly meets with local government representatives to discuss and understand the likely consequences of any decisions. The group's statement on stakeholder engagement is set out below.

Employee engagement

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

The group discharges, equitably, its statutory and social duties in respect of the Sex Discrimination Act 1975, the Race Relations Act 1976, the Disability Discrimination Act 1995 and the Employment Equality Regulations on sexual orientation, religion, belief or age. An equal opportunities policy is in operation. Full and fair consideration is given to applications for employment that disabled people make to the group. 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 group.

Stakeholder engagement

The group maintains a close relationship with customers who provide valuable feedback, critical for developing innovative new products that are designed to meet global customer's needs. Regular discussions with suppliers help drive the direction of sourcing decisions made by the directors. Regular meetings and conferences with customers and suppliers facilitate this process. Regarding the environment, the group'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.

Matters disclosed elsewhere within the financial statements

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

J.C. Bamford Excavators Limited

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

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

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

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

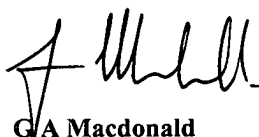
In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. Elective resolutions are currently in force to dispense with holding annual general meetings, the laying of financial statements before the group 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

29 June 2022

J.C. Bamford Excavators Limited

Independent auditors' report to the members of J.C. Bamford Excavators Limited

Report on the audit of the financial statements

Opinion

In our opinion, J.C. Bamford Excavators Limited's group financial statements and company financial statements (the "financial statements"):

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

We have audited the financial statements, included within the Directors' Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2021; the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows and the Consolidated and Company statements 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 group 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

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 group's and 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 group's and 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.

J.C. Bamford Excavators Limited

Independent auditors' report to the members of J.C. Bamford Excavators Limited (continued)

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.

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

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

Strategic report and Directors' report

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

In light of the knowledge and understanding of the group and company and their 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 group's and 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 group or 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.

J.C. Bamford Excavators Limited

Independent auditors' report to the members of J.C. Bamford Excavators Limited (continued)

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Graham Parsons (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

29 June . 2022

J.C. Bamford Excavators Limited

Consolidated profit and loss account for the year ended 31 December 2021

	Note	2021 £m	2020 £m
Turnover	5	3,438.3	2,437.0
Cost of sales		(2,814.1)	(1,993.5)
Gross profit		624.2	443.5
Distribution costs		(151.3)	(110.4)
Administrative expenses		(156.4)	(219.6)
Other operating income	6	5.8	20.1
Operating profit	6	322.3	133.6
Share of associate's profit before tax		6.1	5.4
Interest receivable and similar income	9	7.8	8.1
Interest payable and similar expenses	10	(11.7)	(11.8)
Profit before taxation		324.5	135.3
Tax on profit	11	(46.0)	(39.7)
Profit for the financial year		278.5	95.6

All activities are derived from continuing operations.

Consolidated statement of comprehensive income for the year ended 31 December 2021

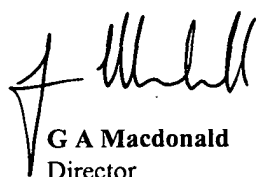
	Note	2021 £m	2020 £m
Profit for the financial year		278.5	95.6
Foreign exchange movements		3.5	(21.2)
Re-measurement of defined benefit pension liability	20	111.3	(50.1)
Movement on deferred tax relating to net defined benefit liability		(7.0)	9.1
Other comprehensive income/(expense)		107.8	(62.2)
Total comprehensive income for the year		386.3	33.4

J.C. Bamford Excavators Limited

Consolidated balance sheet as at 31 December 2021

	Note	2021 £m	2020 £m
Fixed assets			
Intangible assets	12	30.8	36.3
Tangible assets	13	442.0	379.5
Investments	14	8.4	8.4
		481.2	424.2
Current assets			
Stock	15	384.3	295.5
Debtors	16	1,138.2	956.8
Investments	17	7.2	8.1
Cash at bank and in hand		323.9	241.6
		1,853.6	1,502.0
Creditors: amounts falling due within one year	18	(958.7)	(788.6)
Net current assets		894.9	713.4
Total assets less current liabilities		1,376.1	1,137.6
Provisions for liabilities	19	(70.3)	(70.2)
Net pension liability	20	(188.8)	(336.7)
Net assets		1,117.0	730.7
Capital and reserves			
Called up share capital	22	0.1	0.1
Share premium account	23	5.0	5.0
Retained earnings	23	1,111.9	725.6
Total equity		1,117.0	730.7

The financial statements on pages 11 to 43 were approved by the board of directors on *29 June 2022* and were signed on its behalf by:


G A Macdonald
Director

Registered Number: 00561597

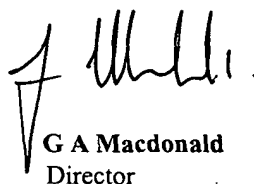
J.C. Bamford Excavators Limited

Company balance sheet as at 31 December 2021

	Note	2021 £m	2020 £m
Fixed assets			
Intangible assets	12	17.3	19.8
Tangible assets	13	168.2	133.0
Investments	14	240.1	240.1
		425.6	392.9
Current assets			
Stock	15	79.6	44.0
Debtors	16	918.5	767.7
Investments	17	7.2	8.1
Cash at bank and in hand		167.6	135.3
		1,172.9	955.1
Creditors: amounts falling due within one year	18	(571.1)	(377.2)
Net current assets		601.8	577.9
Total assets less current liabilities		1,027.4	970.8
Provisions for liabilities	19	(19.3)	(17.2)
Net pension liability	20	(188.8)	(336.7)
Net assets		819.3	616.9
Capital and reserves			
Called up share capital	22	0.1	0.1
Share premium account	23	5.0	5.0
Retained earnings	23	814.2	611.8
Total equity		819.3	616.9

The company has taken advantage of Section 408 (1) of the Companies Act 2006 not to publish its own profit and loss account. The company's profit for the financial year was £95.5 million (2020: £227.9 million).

The financial statements on pages 11 to 43 were approved by the board of directors on *29 June 2022* and were signed on its behalf by:


G A Macdonald
 Director

Registered Number: 00561597

J.C. Bamford Excavators Limited

Consolidated statement of cash flows for the year ended 31 December 2021

	Note	2021 £m	2021 £m	2020 £m	2020 £m
Net cash inflow /(outflow) from operating activities	24		222.9		(97.6)
Taxation paid			(63.3)		(48.2)
Net cash generated from/(used in) operating activities			159.6		(145.8)
Cash flow from investing activities					
Purchase of tangible assets			(105.2)		(29.9)
Proceeds from sale of tangible assets			28.0		2.9
Interest received	9		7.8		8.1
Dividends received from associate	14		5.0		-
Net cash used in investing activities			(64.4)		(18.9)
Cash flow from financing activities					
Interest paid	10		(11.7)		(11.8)
Net cash used in financing activities			(11.7)		(11.8)
Net increase/(decrease) in cash and cash equivalents			83.5		(176.5)
Cash and cash equivalents at the beginning of the year			241.6		421.4
Foreign exchange translation adjustment			(1.2)		(3.3)
Cash and cash equivalents at the end of the year			323.9		241.6
Cash and cash equivalents consists of:					
Cash at bank and in hand			323.9		241.6
Overdrafts	18		-		-
Cash and cash equivalents			323.9		241.6

J.C. Bamford Excavators Limited

Consolidated statement of changes in equity for the year ended 31 December 2021

	Called-up share capital	Share premium account	Retained earnings	Total equity
	£m	£m	£m	£m
Balance as at 1 January 2020	0.1	5.0	692.2	697.3
Profit for the financial year	-	-	95.6	95.6
Other comprehensive expense for the year	-	-	(62.2)	(62.2)
Total comprehensive income for the year	-	-	33.4	33.4
Balance as at 31 December 2020	0.1	5.0	725.6	730.7
Profit for the financial year	-	-	278.5	278.5
Other comprehensive income for the year	-	-	107.8	107.8
Total comprehensive income for the year	-	-	386.3	386.3
Balance as at 31 December 2021	0.1	5.0	1,111.9	1,117.0

Company statement of changes in equity for the year ended 31 December 2021

	Called-up share capital	Share premium account	Retained earnings	Total equity
	£m	£m	£m	£m
Balance as at 1 January 2020	0.1	5.0	424.9	430.0
Profit for the financial year	-	-	227.9	227.9
Other comprehensive expense for the year	-	-	(41.0)	(41.0)
Total comprehensive income for the year	-	-	186.9	186.9
Balance as at 31 December 2020	0.1	5.0	611.8	616.9
Profit for the financial year	-	-	95.5	95.5
Other comprehensive income for the year	-	-	106.9	106.9
Total comprehensive income for the year	-	-	202.4	202.4
Balance as at 31 December 2021	0.1	5.0	814.2	819.3

J.C. Bamford Excavators Limited

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

1. General information

The principal activity of J.C. Bamford Excavators Limited and its subsidiaries (together the 'group') is the design, manufacture, marketing and sale of machines primarily for the construction and agricultural industries.

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

2. Statement of compliance

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

The company is a wholly-owned subsidiary of JCB Service and the results of the group headed by the company are included in the consolidated financial statements of JCB Service, which are publicly available. The group has taken advantage of the disclosure exemptions set out in paragraph 1.12 of FRS 102 specifically in relation to the disclosure of transactions between companies within the same group. The group is also exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the JCB Service group or investees of the JCB Service group. The group has also taken the exemption in respect of certain financial instrument disclosures as allowed by FRS 102. For details of other related party transactions see note 26.

The company has taken the exemption available in paragraph 408 (1) of the Companies Act 2006 to not disclose its own profit and loss account. The profit recorded by the company in the year ended 31 December 2021 totalled £95.5 million (2020: £227.9 million).

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 for certain financial assets and liabilities measured at fair value through profit or loss.

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

Going concern

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

J.C. Bamford Excavators Limited

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

3. Summary of significant accounting policies (continued)

Basis of consolidation and accounting for other investments

Subsidiaries

The consolidated financial statements incorporate the financial statements of J.C. Bamford Excavators Limited and entities controlled by J.C. Bamford Excavators Limited (its subsidiaries) made up to the reporting date each year. Control is achieved where J.C. Bamford Excavators Limited has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any negative goodwill that arises where the fair value of the group's interest in the identifiable assets and liabilities acquired of a subsidiary undertaking exceeds the fair value of the consideration given is recognised in the balance sheet and is credited to the profit and loss account in the period in which the non-monetary assets are recovered.

The results of subsidiaries acquired or disposed of during the year are included in the profit and loss account from the effective date of acquisition or disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the group.

All intra-group balances and transactions are eliminated on consolidation and all unrealised gains on transactions between group companies are eliminated on consolidation.

Associates

Associates are entities over which the group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The Group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

The group's share in associates' post-acquisition profits or losses is recognised in the profit and loss account.

Unrealised gains on transactions between group companies and transactions between the group and its associates are eliminated to the extent of the group's interest in each associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Foreign currency

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

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments, net assets of overseas subsidiaries including long term funding balances with those subsidiaries and from the translation of the profits or losses at average rates are recognised in other comprehensive income.

J.C. Bamford Excavators Limited

Notes to the financial statements for the year ended 31 December 2021 (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 to customers, excluding VAT and sales taxes and net of sales incentives.

The group recognises turnover from sales of products when significant risk and rewards have been transferred to external parties, normally on an ex-works basis for machines and on despatch for parts. Interest income is recognised using the effective interest rate method. Dividend and royalties income is recognised when the right to receive payment is established.

Sales incentives

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

Employee benefits

The group operates several defined benefit pension schemes for the benefit of its employees in the UK, the assets of which are held separately from those of the company in independently administered funds.

The fair value of pension scheme assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability as determined by an independent actuary. The increase in the present value of the liabilities of the group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The interest income and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in interest and are calculated based on the discount rate. Curtailment gains are recognised in the profit and loss account. Remeasurement gains and losses are recognised in other comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

The group also operates a number of defined contribution pension schemes. The assets of these schemes are held in separately administered funds from the group. The pension charge represents contributions payable by the group to the funds.

Taxation

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred.

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

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

The deferred tax assets and liabilities are not discounted.

J.C. Bamford Excavators Limited

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

3. Summary of significant accounting policies (continued)

Intangible assets - Goodwill

Goodwill on consolidation, representing the excess of the cost of shares in subsidiaries over their net assets at the date of acquisition, is amortised to the profit and loss account on a straight line basis over its estimated useful economic life which is no more than 20 years.

Annually, the group assesses whether there are any indicators that the carrying amount of goodwill and other tangible assets may be impaired. Where indicators of impairment are identified, the group performs an impairment test to determine the recoverable amount of goodwill and other tangible assets. In assessing recoverable amount the group looks at the higher of the asset's value in use and its fair value less cost to sell. Where the recoverable amount is less than the asset's carrying amount an impairment is recognised which is charged to the profit and loss account. For tangible assets where the factors that gave rise to the impairment have reversed, and the recoverable amount is determined to exceed the carrying amount, the impairment is reversed, such as to bring the asset back to the value it would have been carried at prior to the impairment charge being recognised, to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in prior periods.

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:

Freehold buildings	2 - 5%
Plant and machinery	10%
Fixtures, fittings and equipment	6.67 – 12.5%
Motor vehicles	20 - 25%

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

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

Impairment of non-financial assets

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

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

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

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

J.C. Bamford Excavators Limited

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

3. Summary of significant accounting policies (continued)

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.

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.

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions and the grants will be received. FRS 102 allows for government grants to be accounted for under either the performance or accruals model. The group applies either the performance or accruals model to different classes of government grants with each class of grant being accounted for under a consistent model. In determining whether grants represent different classes the issuing body, country of issue, performance conditions and specific terms are considered to determine whether grants should be treated as separate classes of grant.

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

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

J.C. Bamford Excavators Limited

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

3. Summary of significant accounting policies (continued)

Investments

Fixed Asset Investments are included in the balance sheet at their cost on acquisition. Where appropriate, provision is made for any impairment in their value. Current Asset Investments are carried at fair value and the changes in fair value are recognised in profit or loss.

Finance costs

Finance costs incurred in securing the group's financing arrangements are capitalised and amortised over the term of the associated debt.

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.

Dividends

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

Financial instruments

The group 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.

Trade debtors are recorded at original invoice price less any provision for bad or doubtful debts. Initial recognition is at transaction price, subsequently measured at amortised cost. Trade debtors are derecognised when sold under non-recourse invoice discounting agreements and substantially all of the risks and rewards of ownership of the debtor have been transferred. The settlement of discounted invoices are treated as operating items in the cash flow statement.

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.

J.C. Bamford Excavators Limited

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

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(ii) Financial liabilities

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

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

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

(iii) Offsetting

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

J.C. Bamford Excavators Limited

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

4. Critical accounting judgements and estimation uncertainty

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

Critical accounting estimates and assumptions

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

Useful economic lives and recoverability of tangible and intangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the tangible assets, and note 3 for the useful economic lives for each class of assets.

The useful economic lives of intangible assets are determined by the directors upon inception and are re-assessed annually. They are amended to reflect any degradation of the asset that becomes apparent. See note 12 for the carrying amount of intangible assets.

There are a number of assumptions made when performing annual impairment reviews over the group's tangible and intangible assets. Where an indicator of impairment exists, determining whether such assets are impaired requires an estimation of the value in use of the assets, based upon expected future cash flows and a suitable discount rate.

Stock provisioning

The group designs, manufactures and sells construction equipment and is subject to market demands and regulatory requirements. As a result it is necessary to consider the recoverability of the cost of stock and 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 15 for the net carrying amount of the stock and associated provision.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

Defined benefit pension scheme

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management employs actuaries to estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

Standard warranty provision

The group considers the future cost of standard warranty claims and makes an estimate of 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, known performance issues and supplier recoveries. See note 19 for the warranty movement and year end provision.

J.C. Bamford Excavators Limited

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

4. Critical accounting judgements and estimation uncertainty (continued)

Sales incentive provision

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

Taxation

Transactions may occur during the normal course of business where the final tax determination is uncertain. Where such transactions occur, the group recognises liabilities for these transactions based on the likelihood that an additional liability will arise and an estimate of any additional tax that may become payable. In estimating the value of any uncertain tax positions, the group exercises judgement based on past experience and previous legal interpretations. Any differences between the estimated and actual tax liabilities are recognised in the financial statements in the year in which the uncertain position becomes known.

In the case of deferred tax arising on the unremitted earnings of the Group's overseas subsidiaries, provision is made for the amount that is expected to be settled, based on management's judgement as to the probable amount of repatriation to the UK in the foreseeable future.

5. Turnover

An analysis of turnover by geographical market is given below:

	2021 £m	2020 £m
UK & Ireland	568.1	277.7
Europe	857.9	529.8
North America	735.0	512.1
Middle East	42.2	22.5
Far East	83.5	64.6
Africa	52.8	42.2
Latin America	89.1	45.9
India	1,009.7	942.2
	3,438.3	2,437.0

The J.C. Bamford Excavators Limited group of companies is engaged in a single class of business: the design, manufacture, marketing and sale and after sales care of a comprehensive range of excavating, earthmoving, materials handling and agricultural machines.

J.C. Bamford Excavators Limited

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

6. Operating profit

Operating profit is stated after charging/(crediting):

	2021 £m	2020 £m
Government grants	(5.8)	(20.1)
Pension curtailment gain (note 20)	(31.1)	-
Pension scheme closure costs	14.1	-
Depreciation of tangible assets (note 13)	39.2	34.3
Profit on sale of tangible assets	(25.5)	(0.5)
Amortisation of goodwill (note 12)	5.5	5.0
Foreign currency loss	13.1	10.7
Research and development expenditure	57.6	63.8
Hire of machinery and equipment	6.1	4.6

In April 2021 the Lifeplan pension scheme was closed to future accruals resulting in a curtailment gain of £31.1m. Costs of £14.1m have been incurred in relation to the pension scheme closure.

In 2021 Government grants relate solely to income from the State Government of Rajasthan for investment in manufacturing facilities in the locality which are accounted for under the performance model, whereas in 2020 it also included income from the UK government's Coronavirus Job Retention Scheme.

Services provided by the company's auditors:

	2021 £m	2020 £m
Fees payable to the company's auditors and their associates for the audit of the parent company and consolidated financial statements	0.5	0.5
Fees payable to the company's auditors and their associates for other services:		
The audit of the company's subsidiaries	0.4	0.4
Tax advisory services	-	0.1
	0.9	1.0

7. Particulars of employees

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

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Directors	5	5	5	5
Administration and service	2,270	2,483	822	969
Production	5,279	4,996	1,657	1,568
	7,554	7,484	2,484	2,542

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Wages and salaries	244.0	231.2	118.2	109.4
Social security costs	24.4	21.5	14.1	12.6
Defined benefit pension cost	12.1	21.4	12.1	21.4
Defined contribution pension cost	15.9	12.4	8.8	7.5
	296.4	286.5	153.2	150.9

J.C. Bamford Excavators Limited

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

8. Directors' emoluments

The directors' emoluments for the year were as follows:

	2021 £m	2020 £m
Directors' emoluments	5.6	3.8

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

	2021 Number	2020 Number
Defined benefit	-	1

The aggregate emoluments of the highest paid director (excluding pension contributions) were £2.8 million (2020: £2.5 million).

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management personnel for employee services is shown below:

	2021 £m	2020 £m
Salaries and other benefits	9.9	7.0

9. Interest receivable and similar income

	2021 £m	2020 £m
Short-term deposits	1.4	4.2
Group interest	6.4	3.9
	7.8	8.1

10. Interest payable and similar expenses

	2021 £m	2020 £m
Interest payable on bank overdraft	3.8	0.6
Discounting charges	4.4	6.2
Group interest	3.5	5.0
	11.7	11.8

J.C. Bamford Excavators Limited

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

11. Tax on profit

Analysis of charge in the year

	2021 £m	2020 £m
Current tax		
UK corporation tax (credit)/charge at 19% (2020: 19%)	(9.6)	(11.7)
Adjustment in respect of prior years	(4.0)	(0.5)
UK corporation tax	(13.6)	(12.2)
Foreign tax	58.0	70.7
Adjustment in respect of prior years	2.0	3.3
Total current tax	46.4	61.8
Deferred tax		
Origination and reversal of timing differences	25.3	(18.1)
Adjustment in respect of prior years	(25.7)	(4.0)
Total deferred tax	(0.4)	(22.1)
Total tax on profit	46.0	39.7

Factors affecting current year tax charge

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

The differences are explained below:

	2021 £m	2020 £m
Profit before taxation	324.5	135.3
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	61.7	25.7
Expenses not deductible for tax purposes	3.5	0.9
Other permanent differences	(9.7)	(7.1)
Adjustment in respect of foreign tax rates on trading income	16.2	21.9
Tax on overseas distributions	2.0	23.0
Recognition of previously unrecognised tax losses	-	(17.6)
Adjustment in respect of prior years	(27.7)	(7.1)
Total tax for the year	46.0	39.7

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is a charge of £7.0 million (2020: £9.1 million credit).

Future tax changes

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

J.C. Bamford Excavators Limited

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

12. Intangible fixed assets

Group

	Goodwill £m
Cost	
As at 1 January 2021 and 31 December 2021	84.8
Accumulated amortisation	
As at 1 January 2021	48.5
Charge for the year	5.5
As at 31 December 2021	54.0
Net book value at 31 December 2021	30.8
Net book value at 31 December 2020	36.3

Goodwill on the acquisitions of JCB India Limited, JCB Landpower Ltd and JCB Golf and Country Club Limited, and the acquisition of the trade and assets of the utility products business has been capitalised and is being amortised over a period equating to the directors' estimate of useful economic life which is not more than 20 years.

Amortisation is charged in administrative expenses.

Company

	Goodwill £m
Cost	
As 1 January and 31 December 2021	32.2
Accumulated amortisation	
As at 1 January 2020	12.4
Charge for the year	2.5
As at 31 December 2020	14.9
Net book value at 31 December 2021	17.3
Net book value at 31 December 2020	19.8

Purchased goodwill on the acquisition of the utility products business has been capitalised and is being amortised over a period equating to the directors' estimate of useful economic life which is not more than 13 years.

Amortisation is charged in administrative expenses.

J.C. Bamford Excavators Limited

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

13. Tangible fixed assets

Group	Freehold Land & Buildings £m	Plant & Machinery £m	Fixtures, Fittings, & Equipment £m	Motor Vehicles £m	Assets in Course of Construction £m	Total £m
Cost						
As at 1 January 2021	267.1	302.7	201.3	9.7	42.3	823.1
Additions	6.6	18.6	2.8	0.9	76.3	105.2
Disposals	(0.8)	(2.2)	(3.4)	(1.2)	(1.1)	(8.7)
Reclassifications	1.6	3.8	1.9	-	(7.3)	-
Currency adjustments	(0.3)	(0.8)	(0.1)	-	(0.1)	(1.3)
As at 31 December 2021	274.2	322.1	202.5	9.4	110.1	918.3
Accumulated depreciation						
As at 1 January 2021	71.0	223.1	142.1	7.4	-	443.6
Charge for the year	5.4	24.2	8.6	1.0	-	39.2
Disposals	-	(1.6)	(3.5)	(1.1)	-	(6.2)
Currency adjustments	0.1	(0.4)	-	-	-	(0.3)
As at 31 December 2021	76.5	245.3	147.2	7.3	-	476.3
Net book value at 31 December 2021	197.7	76.8	55.3	2.1	110.1	442.0
Net book value at 31 December 2020	196.1	79.6	59.2	2.3	42.3	379.5

Capital commitments

	Group		Company	
	2021 £m	2020 £m	2021 £m	2020 £m
Contracted but not provided for in the financial statements	81.4	21.3	47.6	-

Company

	Freehold Land & Buildings £m	Plant & Machinery £m	Fixtures, Fittings, & Equipment £m	Motor Vehicles £m	Assets in Course of Construction £m	Total £m
Cost						
As at 1 January 2021	82.6	97.7	154.0	8.8	27.5	370.6
Additions	0.4	6.1	1.4	0.9	40.0	48.8
Disposals	(0.2)	(0.9)	-	(0.7)	(1.1)	(2.9)
Reclassifications	1.4	0.1	1.5	-	(3.0)	-
As at 31 December 2021	84.2	103.0	156.9	9.0	63.4	416.5
Accumulated depreciation						
As at 1 January 2021	38.2	83.0	109.7	6.7	-	237.6
Charge for the year	1.7	4.0	5.6	0.8	-	12.1
On disposals	-	(0.8)	-	(0.6)	-	(1.4)
As at 31 December 2021	39.9	86.2	115.3	6.9	-	248.3
Net book value at 31 December 2021	44.3	16.8	41.6	2.1	63.4	168.2
Net book value at 31 December 2020	44.4	14.7	44.3	2.1	27.5	133.0

Depreciation is charged in cost of sales and administrative expenses.

Included within land and buildings is freehold land of £32.8 million (2020: £28.6 million) that is not depreciated (group) and £1.6 million (2020: £1.4 million) (company).

J.C. Bamford Excavators Limited

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

14. Investments

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Shares in subsidiary companies				
Cost as at 1 January and 31 December	-	-	249.6	249.6
Provision as at 1 January and 31 December	-	-	(9.8)	(9.8)
Net book value as at 1 January and 31 December	-	-	239.8	239.8
Loan to related company				
As at 1 January and 31 December	0.1	0.1	0.1	0.1
Loan to group company				
As at 1 January and 31 December	0.2	0.2	0.2	0.2
Total fixed asset investments (excluding associates)	0.3	0.3	240.1	240.1

Loan to related company

This represents a loan to JCB Access Limited, a company incorporated in the UK, in which The Lord Bamford DL has an interest as a shareholder.

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Investment in associates				
At 1 January	8.1	3.7	-	-
Share of profit after taxation	5.0	4.4	-	-
Dividend	(5.0)	-	-	-
At 31 December	8.1	8.1	-	-

The group has a 25% investment in the ordinary share capital of JCB Finance Limited, a company incorporated in the UK that provides instalment credit and leasing facilities. The investment is accounted for using the equity method.

J.C. Bamford Excavators Limited

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

14. Investments (continued)

Group undertakings

At 31 December 2021 the company has the following subsidiary and associate companies. All equity holdings are in Ordinary shares. The Directors consider the value of investments to be supported by the underlying assets and future trading forecasts.

	Equity held	Principal business	Country of Incorporation
A Bamford Trading Company Limited	100%	Non-trading	UK
Doxford Engines Limited	100%	Non-trading	UK
J.C. Bamford Investments Private Limited	100%	Holding company	India
JCB Backhoe Loaders Limited	100%	Non trading	UK
JCB Credit Limited	100%	Non-trading	UK
JCB Excavators Limited	100%	Non-trading	Canada
JCB Finance Limited	25%	Financial services	UK
JCB Golf and Country Club Limited	100%	Golf and leisure facilities	UK
JCB Heavy Products Limited	100%	Equipment manufacturer and sales	UK
JCB India Limited	100%	Equipment manufacturer	India
JCB Industries Private Limited	100%	Manufacturing company	India
JCB Insurance Services Limited	100%	Insurance broker	UK
JCB Landpower Ltd.	50%	Equipment manufacture and sales	UK
JCB Management Services	100%	Non-trading	UK
JCB Materials Handling Limited	100%	Non-trading	UK
JCB Power Systems Limited	100%	Engine manufacturer and sales	UK
JCB US Holdings Inc	98%	Holding company	USA
L Gardner & Sons Limited	100%	Non-trading	UK

Through its holding in the subsidiary companies listed above, the company also has an interest in:

	Equity held	Principal business	Country of Incorporation
JCB Finance Holdings Private Limited	100%	Finance company	India
JCB Finance Private Limited	100%	Finance company	India
JCB Financiers Private Limited	100%	Finance company	India
JCB Finance Company	98%	Finance company	USA
JCB Inc	98%	Equipment distributor	USA
JCB Literature Foundation	100%	Charitable purposes	India
JCB Manufacturing Inc	98%	Equipment manufacturer	USA
JCB North America Limited	98%	Holding company	UK
JCB Southern California LLC	98%	Equipment distributor	USA
JCB Southern California Real Estate LLC	98%	Property investment	USA
Lady Bamford Foundation	100%	Charitable purposes	India
North Georgia Construction LLC	98%	Equipment distributor	USA

The registered addresses of these companies are included in note 28.

J.C. Bamford Excavators Limited

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

15. Stock

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Raw materials	248.0	159.9	56.2	26.3
Work in progress	31.7	42.7	20.2	14.4
Finished goods	104.6	92.9	3.2	3.3
	384.3	295.5	79.6	44.0

Stocks are stated after provisions for impairment of £35.5 million (2020: £23.3 million) for the group and £7.6 million (2020: £3.2 million) for the company.

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

16. Debtors

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Trade debtors	81.9	75.8	-	-
Amounts owed by JCB Service group undertakings	491.3	456.6	361.2	334.0
Amounts owed by subsidiary undertakings	-	-	144.7	100.2
Amounts owed by related parties outside the JCB Service group	295.5	222.5	274.5	223.4
Other taxation and social security	47.0	22.4	10.5	6.1
Corporation tax	22.2	4.6	6.8	6.2
Deferred tax	94.5	100.7	51.0	62.6
Other debtors	94.3	67.4	62.6	31.3
Prepayments and accrued income	11.5	6.8	7.2	3.9
	1,138.2	956.8	918.5	767.7

Group trade debtors are stated net of amounts discounted without recourse of £51.8 million (2020: £15.4 million).

A bad debt provision of £3.5 million (2020: £3.5 million) has been recognised against group trade debtors. No other category of debtors is deemed to be impaired.

Of the amounts owed by JCB Service group undertakings, subsidiary undertakings and related parties outside the JCB Service group £280.0 million (2020: £303.5 million) are trading balances and do not gather interest. The remaining balance relates to loans bearing interest at 1.0% above bank base rate.

J.C. Bamford Excavators Limited

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

16. Debtors (continued)

Deferred tax

The movement in the deferred tax asset excluding pension schemes during the year was:

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
As at 1 January	37.4	26.6	5.3	8.0
Deferred tax credited/(charged) to the profit and loss account	9.5	12.6	(1.8)	(2.7)
Currency adjustments	0.4	(1.8)	-	-
As at 31 December	47.3	37.4	3.5	5.3

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

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Excess of taxation allowances over depreciation on fixed assets	(6.0)	(3.8)	0.4	2.0
Tax losses available	22.0	24.0	-	-
Other timing differences	31.3	17.2	3.1	3.3
As at 31 December	47.3	37.4	3.5	5.3

The movement in the deferred tax asset relating to pension schemes during the year was:

	Group	
	2021	2020
	£m	£m
As at 1 January	63.3	49.3
Deferred tax credited/(charged) in profit and loss account	(9.1)	4.9
Deferred tax credited to the statement of other comprehensive income	(20.5)	9.1
Rate change to the statement of other comprehensive income	13.5	-
As at 31 December	47.2	63.3

The net reversal of group deferred tax expected to occur next year is £10.0 million (2020: £11.9 million), relating to the increase in short term timing differences offset by the utilisation of tax losses.

The total amount of unrecognised deferred tax is £0.6 million (2020: £0.8 million) relating to carried forward tax losses. An asset has not been recognised due to the uncertainty of the future profitability of the companies to which it relates. These losses do not expire and can be carried forward indefinitely.

J.C. Bamford Excavators Limited

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

17. Current asset investments

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Other investments	7.2	8.1	7.2	8.1

Other investments represents holdings of UK equities traded in active markets, the valuation of which is based on quoted market prices at the balance sheet date. The quoted market price used to value current asset investments held by the group and company is the bid price at the balance sheet date. A fair value loss on other investments of £0.9 million (2020: £7.4 million) have been recognised in administrative expenses during the year.

18. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£m	£m	£m	£m
Bank loans and overdrafts	-	-	-	-
Trade creditors	409.0	314.8	224.9	144.3
Amounts owed to JCB Service group undertakings	253.0	194.8	241.3	190.9
Amounts owed to subsidiary undertakings	-	-	16.3	11.0
Amounts owed to related parties outside the JCB Service group	12.3	11.2	1.2	1.8
Other taxation and social security	11.9	20.5	8.9	7.7
Other creditors	27.0	34.1	2.5	1.4
Sales incentives	39.7	38.5	-	-
Accruals and deferred income	205.8	174.7	76.0	20.1
	958.7	788.6	571.1	377.2

The bank loans and overdrafts are repayable on demand.

19. Provisions for liabilities

Group

	2021	2021	2021	2020	2020	2020
	Deferred	Warranty	Total	Deferred	Warranty	Total
	tax	provision		tax	provision	
	£m	£m	£m	£m	£m	£m
As at 1 January	20.0	50.2	70.2	20.0	54.4	74.4
Charged to the profit and loss account	-	36.2	36.2	-	38.0	38.0
Amounts utilised during the year	-	(36.1)	(36.1)	-	(42.2)	(42.2)
As at 31 December	20.0	50.3	70.3	20.0	50.2	70.2

J.C. Bamford Excavators Limited

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

19. Provisions for liabilities (continued)

Company - Warranty provision

	2021 £m	2020 £m
As at 1 January	17.2	24.6
Charged to the profit and loss account	22.6	12.6
Amounts utilised during the year	(20.5)	(20.0)
As at 31 December	19.3	17.2

The group deferred tax liability relates to unremitted retained earnings of overseas subsidiaries.

It is expected that most standard warranty expenditure will be incurred in the next financial year, and nearly all will be incurred within two years of the balance sheet date. Included in other debtors (note 16) is an amount totalling £13.4 million (2020: £15.4 million) (group) and £6.8 million (2020: £6.0 million) (company) representing amounts recoverable from suppliers.

20. Post-employment benefits (company and group)

	2021 £m	2020 £m
Pension Schemes (net of deferred tax)		
Defined benefit schemes with net assets	-	-
Defined benefit schemes with net liabilities	141.7	279.5

In the UK, pension arrangements are principally provided by two defined benefit schemes, J C Bamford Lifeplan and J.C. Bamford Excavators Limited Senior Directors and Executives Retirement Benefit Scheme (Senior Directors). The most recent formal actuarial valuations were carried out as at 6 April 2021 and 1 January 2020 respectively (both updated to 31 December 2021) by Mercer, a qualified independent actuary.

The amounts recognised in the balance sheet are as follows:

	2021 £m	2020 £m
Present value of funded obligations	(1,198.9)	(1,313.2)
Fair value of plan assets	1,049.8	1,014.6
	(149.1)	(298.6)
Effect of surplus cap	(39.7)	(38.1)
Pension scheme deficit	(188.8)	(336.7)

The amounts recognised in the profit and loss within operating profit are as follows:

	2021 £m	2020 £m
Current service cost & scheme administration costs	12.7	21.4
Interest cost	19.1	24.6
Interest income on plan assets	(15.1)	(19.2)
Effect of curtailments (note 6)	(31.1)	-
Total pension cost recognised in the profit and loss account	(14.4)	26.8

The amounts recognised in the statement of comprehensive income are as follows:

	2021 £m	2020 £m
Remeasurement losses immediately recognised	(112.3)	46.3
Effect of surplus cap	1.0	3.8
Total pension losses recognised in the statement of comprehensive income	(111.3)	50.1

J.C. Bamford Excavators Limited

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

20. Post-employment benefits (company and group)

Changes in the present value of the defined benefit obligations are as follows:

	2021	2020
	£m	£m
Benefit obligations at beginning of year	1,313.2	1,139.5
Current service cost	12.1	24.0
Past service cost	(31.1)	(3.3)
Interest cost	19.1	24.6
Plan participants' contributions	1.3	4.3
Remeasurement losses	(68.4)	169.2
Benefits paid	(46.5)	(44.1)
Insurance premiums for risk benefits	(0.8)	(1.0)
Benefit obligations at end of year	1,198.9	1,313.2

Changes in the fair value of the plan assets are as follows:

	2021	2020
	£m	£m
Fair value of plan assets at beginning of year	1,014.6	881.6
Interest income on plan assets	15.1	19.2
Remeasurement gains	43.9	122.9
Employer's contributions	22.2	31.7
Member's contributions	1.3	4.3
Benefits paid	(46.5)	(44.1)
Insurance premiums for risk benefits	(0.8)	(1.0)
Fair value of plan assets at end of year	1,049.8	1,014.6

Changes in the pension scheme deficit are as follows:

	2021	2020
	£m	£m
Pension scheme deficit at beginning of year	336.7	291.5
Current service cost	12.1	24.0
Past service cost	(31.1)	(3.3)
Interest cost	19.1	24.6
Interest income on plan assets	(15.1)	(19.2)
Remeasurement losses	(112.3)	46.3
Employer's contributions	(22.2)	(31.7)
Effect of surplus cap	1.6	4.5
Pension scheme deficit at end of year	188.8	336.7

J.C. Bamford Excavators Limited

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

20. Post-employment benefits (company and group)

The major categories of plan assets as percentages of total plan assets are as follows:

	J C Bamford Lifeplan		Senior Directors	
	2021	2020	2021	2020
Equities	43.9%	40.1%	-	-
Debt instruments	49.9%	54.1%	91.6%	99.9%
Real estate	5.7%	5.2%	-	-
Other	0.5%	0.6%	8.4%	0.1%
	100.0%	100.0%	100.0%	100.0%

Weighted average assumptions used to determine benefit obligations:

	J C Bamford Lifeplan		Senior Directors	
	2021	2020	2021	2020
Discount rate	1.80%	1.50%	1.80%	1.50%
Rate of salary increase	0.00%	2.90%	0.00%	2.90%
Rate of price inflation (RPI)	2.80%	2.90%	2.30%	2.90%
Rate of pension increases	3.20%	2.70%	3.20%	2.70%

Assumed life expectations on retirement at age 65

	JC Bamford Lifeplan		Senior Directors	
	2021	2020	2021	2020
Male member age 65 (current life expectancy)	21.8	22.2	25.7	25.6
Male member aged 45 (life expectancy at age 65)	23.2	23.9	27.5	27.5
Female member age 65 (current life expectancy)	24.1	24.6	27.2	27.2
Female member aged 45 (life expectancy at age 65)	25.8	26.4	29.0	29.0

The group has considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class.

Under the terms of the recovery plan agreed with the pension scheme trustees following the triennial valuation in 2021, the company is required to pay contributions of £18.4m per annum until 31st December 2026 to fund the deficit identified on a scheme specific funding basis at that time. The next triennial valuation is due to be performed as at 6th April 2024, after which a revised recovery plan will be agreed.

Over the year to 31 December 2021 the group paid contributions of £22.2 million (2020: £31.6 million) to the J C Bamford Lifeplan scheme. The J C Bamford Lifeplan is closed to new entrants and as such the age profile of the active membership will increase over time. As a result, under the projected unit method, the current service cost will increase as members of the scheme approach retirement.

In April 2021 both the Lifeplan pension scheme and the Senior Directors scheme were closed to future accruals. The closure of the Lifeplan scheme resulted in a curtailment gain of £31.1m and costs of £14.1m have been incurred in relation to this pension scheme closure.

Over the year to 31 December 2021 the group also paid contributions of £nil (2020: £0.1 million) to the J.C. Bamford Excavators Limited Senior Directors and Executives Retirement Benefit Scheme (Senior Directors).

Defined benefit costs recognised in the profit and loss account are charged to administrative expenses.

J.C. Bamford Excavators Limited

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

21. Financial instruments

Group

	Note	2021 £m	2021 £m	2020 £m	2020 £m
Financial assets measured at fair value through profit or loss					
- Current asset investments	17		7.2		8.1
Financial assets constituting debt instruments measured at amortised cost					
- Trade debtors	16	81.9		75.8	
- Amounts owed by group undertakings	16	491.3		456.6	
- Amounts owed by related parties outside the JCB Service group	16	295.5		222.5	
- Other debtors	16	94.3		67.4	
			963.0		822.3
Financial liabilities measured at amortised cost					
- Bank loans and overdrafts	18	-		-	
- Trade creditors	18	409.0		314.8	
- Amounts owed to group undertakings	18	253.0		194.8	
- Amounts owed to related parties outside the JCB Service group	18	12.3		11.2	
- Other creditors	18	27.0		34.1	
- Accruals	18	190.6		96.6	
			891.9		651.5

J.C. Bamford Excavators Limited

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

21. Financial instruments (continued)

Company

	Note	2021 £m	2021 £m	2020 £m	2020 £m
Financial assets measured at fair value through profit or loss					
- Current asset investments	17		7.2		8.1
Financial assets constituting debt instruments measured at amortised cost					
- Amounts owed by group undertakings	16	361.2		334.0	
- Amounts owed by subsidiary undertakings	16	144.7		100.2	
- Amounts owed by related parties outside the JCB Service group	16	274.5		223.4	
- Other debtors	16	62.6		31.3	
			843.0		688.9
Financial liabilities measured at amortised cost					
- Bank loans and overdrafts	18	-		-	
- Trade creditors	18	224.9		144.3	
- Amounts owed to group undertakings	18	241.3		190.9	
- Amounts owed to subsidiary undertakings	18	16.3		11.0	
- Amounts owed to related parties outside the JCB Service group	18	1.2		1.8	
- Other creditors	18	2.5		1.4	
- Accruals	18	75.8		20.1	
			562.0		369.5

22. Called up share capital

Group and Company

	2021 £m	2020 £m
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each (2020: 100,000 Ordinary shares of £1 each)	0.1	0.1

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.

23. Reserves

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

Share premium account – includes premiums received on issue of share capital. Transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings – includes all current year and prior year retained profits and losses.

J.C. Bamford Excavators Limited

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

24. Notes to the cash flow statement

Reconciliation of operating profit to operating cash flows

	2021 £m	2020 £m
Operating profit	322.3	133.6
Depreciation	39.2	34.3
Amortisation of goodwill	5.5	5.0
Profit on disposal of fixed assets	(25.5)	(0.5)
Difference between pension charge and cash contributions	(36.6)	(4.9)
Decrease in fair value of current asset investments	0.9	7.4
(Increase)/decrease in stock	(88.9)	16.4
Increase in debtors	(170.7)	(253.2)
Increase/(decrease) in creditors (including warranty provision)	161.5	(29.5)
Currency translation differences	15.2	(6.2)
Net cash inflow/(outflow) from operating activities	222.9	(97.6)

Analysis of changes in net debt

	As at January 2021 £m	Cash flows £m	Exchange movements £m	As at December 2021 £m
Cash and cash equivalents	241.6	83.5	(1.2)	323.9
Total	241.6	83.5	(1.2)	323.9

25. Contingent liabilities

Various companies within the group have a contingent liability in respect of guarantees and indemnities given by Barclays Bank plc and HSBC Bank plc on their behalf. The group's liability in respect of these at 31 December 2021 was £4.7 million (2020: £6.9 million).

The company's liability in respect of these at 31 December 2021 was £nil (2020: £0.4 million).

26. Related party transactions

Group

The group and company have taken advantage of the exemption allowed under FRS 102 paragraph 33.1A, available to wholly-owned subsidiary companies, whose results are included in the consolidated financial statements that are made publicly available, not to disclose details of transactions with entities that are part of the J.C. Bamford Excavators Limited group or investees of the group qualifying as related parties.

The group subcontracts some of its research and development projects, and related services, to JCB Research, a company in which The Lord Bamford DL is the sole shareholder. JCB Research charges for research and development at market value and for related services at cost, so as to make neither profit nor loss after providing for taxation. The total value of services purchased by the group during the year was £71.5 million (2020: £56.0 million). The net amount owed by JCB Research at 31 December 2021 was £155.6 million (2020: £97.9 million).

The group also transacts business with BHoldings Limited and its subsidiaries, a group in which Lady Bamford OBE and her family are the shareholders. The company purchased branded products and goods from and recharged costs to the BHoldings Limited Group of companies and the total value of these transactions was sales and recharges of £17.2 million (2020: £15.6 million). The group also paid £4.7 million (2020: £3.3 million) as a promotional services fee to the BHoldings Limited Group of companies. The net amount owed by the BHoldings Limited Group of companies at 31 December 2021 was £3.3 million (2020: £11.6 million).

J.C. Bamford Excavators Limited

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

26. Related party transactions (continued)

Group (continued)

The group has incurred rental and other charges of £3.1 million (2020: £3.2 million) from Bamford Property Limited, a company ultimately controlled by Bamford family interests. The group recharged expenditure of £9.4 million (2020: £3.2 million) incurred on behalf of this company during the year. The net amount owed to the group at 31 December 2021 by Bamford Property Limited was £95.4 million (2020: £88.8 million).

The group has a receivable of £5.2 million (2020: £5.1 million) with B Uttoxeter Property Holdings Limited, a company ultimately controlled by Bamford family interests.

The group transacts business with JCB Construction Equipment (Shanghai) Limited, a company ultimately controlled by Bamford family interests. The total value of these transactions was sales of £1.4 million (2020: £3.5 million) and purchases of £44.5 million (2020: £25.8 million). The net amount owed to JCB Construction Equipment (Shanghai) Limited at 31 December 2021 was £12.0 million (2020: £7.1 million).

The group also purchased parts from JCB Hong Kong Limited, the parent company of JCB Construction Equipment (Shanghai) Limited. The total value of these transactions was sales of £nil (2020: £0.9 million) and purchases of £2.0 million (2020: £32.8 million). The net amount owed to JCB Hong Kong Limited at 31 December 2021 was £nil (2020: £4.1 million).

The group has provided administrative services to JCB Access Limited, a company in which The Lord Bamford DL is the sole shareholder. The total value of these transactions was sales and recharges of £30.0 million (2020: £4.6 million). The net amount owed by JCB Access Limited at 31 December 2021 was £21.1 million (2020: £3.5 million).

The group has provided administrative services to Thrip Enterprises LLP, a partnership in which Lady Bamford OBE is a partner. The total value of these services was £1.3 million (2020: £1.2 million) and the amount owed by Thrip Enterprises LLP at 31 December 2021 was £0.3 million (2020: £0.8 million).

The group recharged expenditure of £3.9 million (2020: £2.9 million) incurred on behalf of JCB Farms Limited, Wootton Organic Wholesale Ltd and Daylesford Organic Farms Limited, companies owned by Bamford Property Limited, during the year. The net amount owed to the group by these companies at 31 December 2021 was £14.7 million (2020: £14.9 million).

A donation of £0.8m was made to the Centre for Policy Studies (2020: £0.8 million), of which The Lord Bamford DL is a director.

Company

The company subcontracts some of its research and development projects, and related services, to JCB Research, a company in which The Lord Bamford DL is the sole shareholder. JCB Research charges for research and development at market value and for related services at cost, so as to make neither profit nor loss after providing for taxation. The total value of services purchased by the company during the year was £71.5 million (2020: £48.1 million). The net amount owed by JCB Research at 31 December 2021 was £155.6 million (2020: £101.8 million).

The company also transacts business with BHoldings Limited and its subsidiaries, a group in which Lady Bamford OBE and her family are the shareholders. The company purchased branded products and goods from and recharged costs to the BHoldings Limited Group of companies and the total value of these transactions was sales and recharges totalling £17.2 million (2020: £15.5 million). The company also paid £4.7 million (2020: £3.3 million) as a promotional services fee to the BHoldings Limited Group of companies. The net amount owed by the BHoldings Limited Group of companies at 31 December 2021 was £3.3 million (2020: £11.6 million).

The company has incurred rental and other charges of £3.1 million (2020: £3.2 million) from Bamford Property Limited, a company ultimately controlled by Bamford family interests. The company recharged expenditure of £9.4 million (2020: £3.2 million) incurred on behalf of this company during the year. The net amount owed to the group at 31 December 2021 by Bamford Property Limited was £95.1 million (2020: £89.2 million).

J.C. Bamford Excavators Limited

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

26. Related party transactions (continued)

Company (continued)

The company has a receivable of £5.2 million (2020: £5.1 million) with B Uttoxeter Property Holdings Limited, a company ultimately controlled by Bamford family interests.

The company transacts business with JCB Construction Equipment (Shanghai) Limited, a company ultimately controlled by Bamford family interests. The total value of these transactions was sales of £0.2 million (2020: £0.2 million). The net amount owed to JCB Construction Equipment (Shanghai) Limited at 31 December 2021 was £1.2 million (2020: £0.3 million).

The company also purchased parts from JCB Hong Kong Limited, the parent company of JCB Construction Equipment (Shanghai) Limited. The total value of these transactions was purchases of £0.9 million (2020: £15.9 million). The net amount owed to JCB Hong Kong Limited at 31 December 2021 was £nil (2020: £1.4 million).

The company has provided administrative services to JCB Access Limited, a company in which The Lord Bamford DL is the sole shareholder. The total value of these transactions was expenditure of £0.5 million (2020: £0.3 million). The net amount owed to JCB Access Limited at 31 December 2021 was £nil (2020: £0.1 million).

The company provided administrative services to Thrip Enterprises LLP, a partnership in which Lady Bamford OBE is a partner. The total value of these services was £1.3 million (2020: £1.2 million) and the amount owed by Thrip Enterprises LLP at 31 December 2021 was £0.3 million (2020: £0.8 million).

The company recharged expenditure of £3.9 million (2020: £2.9 million) incurred on behalf of JCB Farms Limited, Wootton Organic Wholesale Ltd and Daylesford Organic Farms Limited, companies owned by Bamford Property Limited, during the year. The net amount owed to the company by these companies at 31 December 2021 was £14.7 million (2020: £14.9 million).

A donation of £0.8 million was made to the Centre for Policy Studies (2020: £0.8 million), of which The Lord Bamford DL is a director.

27. Ultimate controlling party

The company is a wholly-owned subsidiary of JCB Service, an unlimited liability company incorporated in England and Wales. The results for the company and its subsidiaries are included in the consolidated financial statements of JCB Service.

The largest company to consolidate the financial statements is JCB Group Holdings Sàrl, a company incorporated in Switzerland, registered address: Avenue de Rhodanie 58, 1007 Lausanne, Switzerland. JCB Group Holdings Sàrl is ultimately controlled by Bamford family interests.

28. Events after the reporting period

Management have considered the impact of the escalation of the tensions between Russia and Ukraine when preparing these financial statements and consider the invasion is a non-adjusting post balance sheet event. During March 2022 management announced that its Russian subsidiary has stopped manufacturing and selling machines in Russia, and the Group continues to keep the situation under review.

J.C. Bamford Excavators Limited

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

29. Registered addresses

The registered addresses of the subsidiary and associated undertakings are detailed below:

Company	Registered address
A Bamford Trading Company Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
Doxford Engines Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
J.C. Bamford Investments Private Limited	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
JCB Backhoe Loaders Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Credit Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Excavators Limited	145 King Street West, Suite 2000, Toronto, Canada, M5H 2B6
JCB Finance Limited	The Mill, High Street, Rocester, Uttoxeter, ST14 5JW
JCB Finance Holdings Private Limited	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
JCB Finance Private Limited	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
JCB Financiers Private Limited	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
JCB Finance Company	2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA
JCB Golf and Country Club Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Heavy Products Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Inc	2000 Bamford Blvd, Pooler, Ga 31322, USA
JCB India Limited	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
JCB Industries Private Limited	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
JCB Insurance Services Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Landpower Ltd.	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Literature Foundation	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
JCB Management Services	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Materials Handling Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Manufacturing Inc	2000 Bamford Blvd, Pooler, Ga 31322, USA
JCB North America Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB Power Systems Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
JCB US Holdings Inc	2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA
JCB Southern California LLC	2000 Bamford Blvd. Pooler, GA 31322, USA
JCB Southern California Real Estate LLC	2000 Bamford Blvd. Pooler, GA 31322, USA
L Gardner & Sons Limited	Lakeside Works, Rocester, Uttoxeter, Staffs, ST14 5JP
Lady Bamford Foundation	B1-/I-1, 2 nd floor, Mohan Co-operative Industrial Estate, Mathura Rd, New Delhi, India
North Georgia Construction LLC	2679 Barrett Lakes Blvd, Kennesaw Ga 30144, USA