

JCB FINANCE MANAGEMENT SERVICES LIMITED

**DIRECTOR'S REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

REGISTERED NUMBER: 06545253



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JCB FINANCE MANAGEMENT SERVICES LIMITED

COMPANY NUMBER 06545253

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

PRINCIPAL ACTIVITIES

The Company is a wholly owned subsidiary of JCB Finance Holdings Limited.

The principal activity of the Company is the provision of Management services for the businesses of JCB Finance SAS based in France, Germany and Italy for which a fee is received.

BUSINESS REVIEW

The results for the year show a profit after tax of £14k (2022: £24k). The results for the year are considered satisfactory. The directors expect the general level of activity to be maintained in the short-term.

Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company because its income is derived from associated companies activities.

PRINCIPAL RISKS AND UNCERTAINTIES

There are limited risks and uncertainties faced by the Company which are associated with its activities since all costs incurred are on behalf of associated companies and are reimbursed by those associated companies.

Further details regarding risk can be found in note 14.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served during the year, and up to the date of signing the financial statements, were as follows:

J Robson - Appointed 24 November 2023
E Gandemer - Appointed 24 November 2023
N James - Resigned 06-December 2023
R Appleton - Resigned 06 December 2023

No director of the Company has at any time had any interest in the shares of the Company.

DIVIDENDS

A dividend of £24,000 (2022: £35,000) was paid during the year.

STRATEGIC REPORT

In accordance with Section 414B Companies Act 2006, Strategic Report: small companies exemption, no strategic report has been presented.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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AUDITORS

Mazars LLP will cease to hold office and new auditors will be appointed. This is expected to take place during the first half of 2024.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each Director confirms that:

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

SECTION 172 OF THE COMPANIES ACT STATEMENT

Introduction

Section 172 of the Companies Act 2006 (the Act) sets out the general duty of directors of a company to promote the success of the company. Section 172 of the Act provides that a director must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In so doing, the director must have regard (among other matters) to:-

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The directors of the Company are well aware of their duty under section 172 of the Act. The purpose of this statement is to describe how the directors of the Company have had regard to the matters noted above when performing their duty in the year to 31 December 2023.

The Company's stakeholders

The sole activity of the Company is the provision of management services for the businesses of JCB Global Financial Solutions BV, part of its group, for which a fee is received. All costs incurred by the Company are on behalf of associated companies and reimbursed by those associated companies. The Company's income is solely derived from associated company activities. Moreover, the Company is a wholly owned subsidiary of JCB Finance Holdings Limited, which is a joint venture between BNP Paribas Lease Group plc and JCB Financial Solutions UK Limited.

The directors of the Company recognise the importance of engaging effectively with the Company's stakeholders. The table below describes how the Company engages with its stakeholders:

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Stakeholder	Description of relationship	Means of engagement
Shareholder	The Company is a wholly owned subsidiary of JCB Finance Holdings Limited. See note 17.	JCB Finance Holdings Limited is the Company's holding company. The ultimate parent company is BNP Paribas SA. Where necessary, the Company engages with its shareholder via the Company's board.
Customers	The Company provides management services for a fee to JCB Finance SAS (a French entity) and its branches.	The Company engages with its customers within its joint venture framework.
Suppliers	The Company purchases sales, remarketing and marketing services from J C Bamford Excavators Ltd and company secretariat and accounting services from BNP Paribas Leasing Solutions Ltd	The Company engages with its suppliers within its joint venture framework.

Culture

The Company and the BNP Paribas group are committed to their role as responsible funders. The Group has adopted four pillars in its approach to its responsibility: i) financing the economy in an ethical manner; ii) developing and engaging its people responsibly; iii) being a positive agent for change in its markets; and iv) adopting a responsible approach to the environment. The Company, as a member of the BNP Paribas group, conducts its business in a manner which reflects these commitments. The directors adhere to these commitments in their decision making. In addition, as the wholly owned subsidiary of a joint venture, the Company has regard to the cultural approach of the joint venture partner.

Community and environment

Being a positive agent for change in its community and combating climate change are two of the pillars in BNP Paribas' commitment to being a responsible funder. As a member of the BNP Paribas Group, the Company shares this commitment. In particular, the BNP Paribas Group is helping to achieve the 17 United Nations Sustainable Development Goals (SDGs). In addition, as the wholly owned subsidiary of a joint venture, the Company has regard to the approach to community and environment of the joint venture partner.

The Company's approach to decision making and key decisions in the period

The Company continued to work towards the same level of activity as it did in the previous financial year and generate a similar level of profit. These objectives were considered by the directors to be likely to promote the success of the Company for the benefit of its members as a whole. In their decision-making, the directors had regard to their duty under section 172 of the Act, including the considerations noted above, and engaged with stakeholders using the methods described above. Given the existing contractual commitments between the Company, its customers and its suppliers, which regulate the operation of the business, no key decisions were made in the period other than considering and reporting on the Company's status as a going concern generally throughout 2023.

Dividends

The directors of the Company considered making a recommendation with regard to payment of a dividend. In deciding whether or not to make such a recommendation, the directors sought to balance the desire to return value to its shareholder with the working capital requirements of the business and considering its going concern generally.

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS in conformity with the requirements of the Companies Act 2006 have been followed subject to any material departures disclosed and explained in the financial statements ;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business .

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors and signed by order of the Board.

J Robson
J Robson (Apr 19, 2024 11:57 GMT+1)

J Robson
Director

19 April 2024

Registered Office Address:
Lakeside Works
Rocester
Uttoxeter
Staffordshire
ST14 5JP

JCB FINANCE MANAGEMENT SERVICES LIMITED

COMPANY NUMBER 06545253

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JCB FINANCE MANAGEMENT SERVICES LIMITED

Opinion

We have audited the financial statements of JCB Finance Management Services Limited (the 'Company') for the year ended 31 December 2023 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards. In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

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Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

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Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

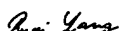
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.


Rudi Lang (Apr 19, 2024 16:03 GMT+1)

Rudi Lang (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey,
London, EC4M 7AU

JCB FINANCE MANAGEMENT SERVICES LIMITED

COMPANY NUMBER 06545253

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

<u>CONTINUING OPERATIONS</u>	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Revenue	2	408		310	
Cost from Operations	3	(379)		(272)	
TOTAL INCOME			29		38
Administrative Expenses	5	(10)		(7)	
			(10)		(7)
PROFIT BEFORE TAX			19		31
Tax Expense	6		(5)		(7)
PROFIT FOR THE YEAR					
Attributable to Equity Holders			14		24
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			14		24

The accompanying notes on pages 14 to 25 are an integral part of this statement.

JCB FINANCE MANAGEMENT SERVICES LIMITED

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STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
ASSETS					
Current Assets					
Cash and Cash Equivalents		63		6	
Amounts due from Group Undertakings	7	1,068		994	
Other Receivables	8	4		3	
Total Current Assets			1,135		1,003
TOTAL ASSETS			1,135		1,003
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	11	-		-	
Retained Earnings		15		25	
TOTAL EQUITY			15		25
Current Liabilities					
Amounts due to Group Undertakings	9	887		794	
Other Payables	10	233		184	
Total Current Liabilities			1,120		978
TOTAL EQUITY AND LIABILITIES			1,135		1,003

The accompanying notes on pages 14 to 25 are an integral part of this statement.

These financial statements were approved by the Board of Directors on 19 April 2024 and signed on its behalf.

J Robson
J Robson (Apr 19, 2024 11:57 GMT+1)

J Robson
Director

JCB FINANCE MANAGEMENT SERVICES LIMITED

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Ordinary Shares £'000	Retained Earnings £'000	Total £'000
Opening balance sheet as at 1 January 2022	*	36	36
Total Comprehensive Income for the year	-	24	24
Dividends paid for the year	-	(35)	(35)
Opening balance sheet as at 1 January 2023	*	25	25
Total Comprehensive Income for the year	-	14	14
Dividends paid for the year	-	(24)	(24)
Equity as at 31 December 2023	*	15	15

* One ordinary share of £1.

The accompanying notes on pages 14 to 25 are an integral part of this statement.

JCB FINANCE MANAGEMENT SERVICES LIMITED

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £'000	2022 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Taxation		19	31
		<hr/>	<hr/>
		19	31
Movements in working capital			
Increase in Other Receivables		-	(3)
Increase/(Decrease) in accruals and other payables		56	(37)
Decrease/(Increase) in amounts due to/from Group Undertakings		18	(31)
		<hr/>	<hr/>
Cash flow from operating activities before tax		74	(71)
Corporation Tax (Paid)/Received		(12)	1
		<hr/>	<hr/>
		62	(70)
Net cash flow from operating activities		<hr/>	<hr/>
		81	(39)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(24)	(35)
		<hr/>	<hr/>
Net cash flow from financing activities		(24)	(35)
		<hr/>	<hr/>
Increase/(Decrease) in cash and cash equivalents		57	(74)
Cash and cash equivalents at the start of the year		6	80
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		63	6
		<hr/>	<hr/>

The accompanying notes on pages 14 to 25 are an integral part of this statement.

JCB FINANCE MANAGEMENT SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

JCB Finance Management Services Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Lakeside Works, Rocester, Uttoxeter, Staffordshire, ST14 5JP.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company does not have any subsidiary undertakings.

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under IFRS.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Management are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods and services provided in the normal course of business. Revenue is stated net of any discounts, value-added taxes and other sales taxes.

Foreign Currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement.

Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortisation is included in Interest income in the Statement of Comprehensive Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

The impairment of financial assets measured at amortised cost is accounted for under IFRS 9 'Financial Instruments'. Financial assets measured at amortised cost comprise loans due from customers, loans due from Group Undertakings, other receivables and cash and cash equivalents. Financial assets are managed within the business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument.

Cash, Cash Equivalents and Financing

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Where applicable, bank overdrafts are included within Borrowings in current liabilities of the Statement of Financial Position. The Company is financed through intercompany funding.

JCB FINANCE MANAGEMENT SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities measured at amortised cost comprise amounts due to group undertakings and other payables.

Dividends Paid

Dividends are recognised when they become legally payable; this is when declared by the directors.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. The liability for current tax is calculated using tax rates that have been substantively enacted by the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax rates used in the determination of deferred income tax are the rates which are expected to apply when the asset is realised or the liability settled, based on the tax rates that have been substantively enacted at the reporting date of that period. They are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Group Undertakings

The immediate holding Company is JCB Finance Holdings Limited, which is registered in England and Wales. The ultimate parent Company is BNP Paribas SA, which is registered in France.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This applies to the assumptions and judgements made in the calculation of the expected credit loss following the adoption of IFRS 9. The application of the model has not resulted in any material changes (see note 14)

Capital

The capital of the company consists of ordinary share capital and retained earnings as detailed in the statement of changes in equity on page 12.

The company's objective is to return value to its shareholders by way of its principle activities as noted page 3.

JCB FINANCE MANAGEMENT SERVICES LIMITED
COMPANY NUMBER 06545253

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Standards, amendments and interpretations adopted during the year

During the year, the following new standards, amendments and interpretations have become effective:

IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current and IFRS Practice statement 2 Making Material Judgements, Amendments in relation to the disclosure of accounting policies -Effective 1 January 2023

IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts - Effective 1 January 2023

IAS 8 Accounting Policies, change in accounting estimates and errors, Amendments in relation to the definition of accounting estimates – Effective 1 January 2023

IAS 12 Income Taxes, Amendments in relation to deferred tax related to assets and liabilities arising from a single transaction – Effective 1 January 2023

None of these new standards, amendments or interpretations above had a material impact on these financial statements in the year.

Standards, amendments and interpretations in issue, but not yet effective

At the date of authorisation of these financial statements the following standards, amendments and interpretations were in issue but not yet effective. These standards, amendments, and interpretations have not been adopted early and have not been applied to these financial statements.

IFRS 16 Leases, Amendments in relation to lease liability in a sale and leaseback– Effective 1 January 2024

IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current and non-current liabilities with covenants– Effective 1 January 2024

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures (Amendment): Supplier Finance Arrangements – Effective 1 January 2024

The adoption of these standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

JCB FINANCE MANAGEMENT SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. REVENUE

	2023	2022
	£'000	£'000
Management Fees received	408	310
Analysed as follows:		
France	156	118
Germany	117	81
Italy	135	111
	408	310

Management fees are based on actual costs incurred by the Company plus a mark-up. These are Invoiced on a quarterly and yearly basis.

3. COSTS FROM OPERATIONS

	2023	2022
	£'000	£'000
Foreign Exchange Loss	-	(6)
Management Charges paid	(379)	(266)
	(379)	(272)

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors are remunerated by other group companies and no specific recharge is made in respect of their services to this Company.

The Company had no employees during the current and preceding year.

5. AUDITOR'S REMUNERATION

	2023	2022
	£'000	£'000
Included in administration expenses are:		
Fees payable to the Company's auditor for the audit of the Company	(10)	(7)
Included in this audit fee is £1k which relates to JCB Holdings Limited.		

JCB FINANCE MANAGEMENT SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

6. TAXATION

The analysis of the tax charge for the year is as follows:

	2023 £'000	2022 £'000
Current Tax		
UK Corporation tax on profits of the current year	(5)	(7)
Current Tax Charge for the year	<u>(5)</u>	<u>(7)</u>

Corporation Tax is calculated at 23.5% (2022: 19%) of the taxable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	19	31
Tax charge at the UK standard rate of Corporation Tax of 23.5% (2022: 19%)	(4)	(6)
Adjustments in respect of prior years	(1)	(1)
Current Tax Charge for the year	<u>(5)</u>	<u>(7)</u>

7. AMOUNTS RECEIVABLE FROM GROUP UNDERTAKINGS

	2023 £'000	2022 £'000
Amounts receivable from Group Undertakings	<u>1,068</u>	<u>994</u>

8. OTHER RECEIVABLES

	2023 £'000	2022 £'000
Corporation tax receivable	1	-
Other Receivables (Stage 1)	3	3
	<u>4</u>	<u>3</u>

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9. AMOUNTS DUE TO GROUP UNDERTAKINGS

	2023	2022
	£'000	£'000
Amount owed to Group Undertakings	<u>887</u>	<u>794</u>

10. OTHER PAYABLES

	2023	2022
	£'000	£'000
Accruals and other payables	233	178
Corporation Tax payable	-	6
	<u>233</u>	<u>184</u>

11. SHARE CAPITAL

	2023	2022
	£'000	£'000
<u>Authorised</u>		
1,000 ordinary shares of £1 each	1,000	1,000
<u>Allotted, called-up and fully paid</u>		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

12. RELATED PARTY TRANSACTIONS

The accounts reflect the following transactions with related parties:

	2023	2022
	£'000	£'000
JCB Finance SAS - management fee receivable	408	310
J.C. Bamford Excavators Limited - management charge expense	(379)	(266)
	<u>29</u>	<u>44</u>
Amounts due to group undertakings		
	£'000	£'000
JCB Finance Holdings Limited	887	794
	<u>887</u>	<u>794</u>
Amounts due from group undertakings		
	£'000	£'000
JCB Finance SAS	436	310
BNP Paribas Leasing Solutions Limited	632	684
	<u>1068</u>	<u>994</u>
Cash and Cash Equivalents		
	£'000	£'000
Balances held with Group bank	63	6
	<u>63</u>	<u>6</u>

The amounts outstanding are unsecured and will be settled in cash on demand, therefore the fair value is approximated by its carrying value. No guarantees have been given or received. No provisions have been made for doubtful debts owed by related parties.

Transactions with key management personnel

The directors are considered to be key management personnel. No remuneration has been paid to the directors of the Company in the current or prior year.

13. CAPITAL COMMITMENTS AND CONTINGENCIES

There were no capital commitments and contingencies at 31 December 2023 (2022: Nil)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Interest Rate Risk
- Foreign Currency Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from related parties. The Company's exposure to credit risk is therefore not considered to be significant and therefore sensitivity analysis information has not been provided.

The Company's maximum exposure to credit risk is the carrying value of the financial assets held at the reporting date, £1,135k (2022: £1,003k).

General model

The impairment model for credit risk is based on expected losses, the calculation of which is conducted in two steps;

First the company places facilities in one of three 'stages' to determine the scope of application.

- 'Stage 1' (Performing) where, at the reporting date, the credit risk represented by the facility has not increased significantly since its origination
- 'Stage 2' (Underperforming) where, at the reporting date, the credit risk represented by the facility has deteriorated significantly but the facility is not credit impaired.
- "Stage 3" (Credit Impaired) where, at the reporting date, there are potential losses.

Secondly, the Expected Credit Loss (ECL) is calculated.

The ECL is determined by projecting the probability of default (PD), Exposure at default (EAD) and Loss Given Default (LGD) for each future month and for each collective segment. For "Stage 1" a one year ECL is calculated and for "Stage 2" a lifetime ECL is calculated. Facilities in "Stage 3" are covered by specific provisions which correspond to lifetime ECL.

This general model is applied to all instruments within the scope of IFRS 9 impairment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Significant increase in credit risk forward looking

Significant increase in credit risk (SICR) may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics), taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

In the general principles of the Standard, significant increase in credit risk since initial recognition is assessed at each reporting date at financial instrument level in order to determine in which stage the financial instrument should be placed. The following criteria are used to determine this:

Stage 1

- The 12 month PD% is lower than 0.3%
- The lifetime Forward Looking (FWL) PD% is less than 3 times that at origination

Stage 2

- The 12 month PD% is greater than 20%
- Forborne Facility
- Facility with at least 30 days past due
- The lifetime FWL PD% is more than 3 times that at origination
- The lifetime FWL PD% is more than 400bps greater than that at origination

Forward-looking information is considered when assessing significant increase in credit risk and when measuring expected credit losses. The determination of significant increase in credit risk is supplemented by the consideration of more systemic forward looking factors (such as macro-economic, sectorial or geographical risk drivers) that could increase the credit risk of some exposures. These factors can lead to tighten the transfer criteria into stage 2, resulting in an increase of ECL amounts for exposures deemed vulnerable to these risk drivers.

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls)

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts over the expected life of the financial instrument. They are measured on an individual basis for all exposures.

In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the PD, LGD and EAD, discounted at the effective interest rate of the exposure (EIR). For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument.

A financial asset is considered doubtful and classified in "stage 3" when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred for example, the financial instrument becomes 90 days past due or knowledge or indications of significant financial difficulties.

Definition of default

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past-due.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no borrowings and therefore is not exposed to interest rate risk.

Foreign Currency Risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to this risk as it invoices overseas companies in sterling.

The Company's exposure to foreign exchange risk is therefore not considered to be significant and consequently, sensitivity analysis information has not been provided.

Maturity Profile of Assets and Liabilities

The tables below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments

Financial Assets

Year Ended 31 December 2023

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts receivable from Group					
Undertakings	1,068	-	-	-	1,068
Cash and Cash Equivalents	63	-	-	-	63
Other Receivables	4	-	-	-	4
	<u>1,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,135</u>

Year Ended 31 December 2022

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts receivable from Group					
Undertakings	994	-	-	-	994
Cash and Cash Equivalents	6	-	-	-	6
Other Receivables	3	-	-	-	3
	<u>1,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,003</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial Liabilities

Year Ended 31 December 2023

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts due to Group Undertakings	887	-	-	-	887
Accruals and other payables	233	-	-	-	233
	<u>1,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,120</u>

Year Ended 31 December 2022

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts due to Group Undertakings	794	-	-	-	794
Accruals and other payables	184	-	-	-	184
	<u>978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978</u>

Reconciliation of liabilities from financing activities

The tables below summarise the changes in liabilities arising from financing activities.

Year Ended 31 December 2023

	2022 £'000	Cash flows £'000	Non-Cash changes £'000	2023 £'000
<u>Short term borrowings</u>				
Amounts payable to Group Undertakings	794	19	74	887

Year Ended 31 December 2022

	2021 £'000	Cash flows £'000	Non-Cash changes £'000	2022 £'000
<u>Short term borrowings</u>				
Amounts payable to Group Undertakings	615	(34)	210	794

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after the reporting period.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

17. PARENT AND ULTIMATE CONTROLLING PARTY

The immediate parent is JCB Finance Holdings Limited, which is incorporated in England and Wales and owns 100% of the share capital.

The parent undertaking of the smallest group in which the results of the Company are consolidated is BGL BNP Paribas SA which is incorporated in Luxembourg. The parent undertaking of the largest group in which the results of the Company are consolidated is BNP Paribas SA. The consolidated financial statements of BGL BNP Paribas SA and BNP Paribas SA are available to the public and may be obtained from 16 Boulevard des Italiens, 75009 Paris, France.