

# JAGUAR LAND ROVER SOUTH AFRICA

(Registration Number 2001/027269/07) Audited Annual Financial Statements for the year ended 31  
March 2015

Preparation supervised by Liaan Kretschmar (Finance Director)

## Conversion into Indian Rupees

The financial information is expressed in the local currency of the relevant company (US Dollars) only in the Audited Accounts based on which the attached financial statements have been reformatted. Solely for the convenience of the reader and to meet the requirements of Section 212 of the Indian Companies Act, 1956, the amounts appearing in Indian Rupees have been translated at a fixed exchange rate ZAR 1 = Rs 5.128, Rs 5.681 for the years ended 31 March 2015, 2014 respectively. These transactions should not be constructed as a representative that any or all of the amounts could be converted to Indian Rupees at this or any other rate.

# JAGUAR LAND ROVER SOUTH AFRICA

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2015

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# JAGUAR LAND ROVER SOUTH AFRICA

(Registration Number 2001/027269/07)

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## GENERAL INFORMATION

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<b>COUNTRY OF INCORPORATION AND DOMICILE</b>	South Africa
<b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b>	Acting as principal in the sale and marketing of vehicles, parts and accessories and the provision of related services
<b>DIRECTORS</b>	Kevin John Flynn (Resigned 25 July 2014) Brian John Hastie (Appointed 17 August 2012) Nigel William Clarke (Appointed 17 August 2012) Peter Trevor Biven (Resigned 30 September 2014) Rory Peter Beattie (Appointed 24 June 2013) Liaan Etienne Kretzschmar (Appointed 24 January 2014) Richard Gouverneur (Appointed 1 August 2014) Lisa Karryn Mallet (Appointed 1 March 2015)
<b>REGISTERED OFFICE</b>	28 Victoria Link Route 21 Corporate Park Nellmapius Drive Irene X30 0184
<b>POSTAL ADDRESS</b>	Private Bag X2 Pierre van Ryneveld 0045 0184
<b>BANKERS</b>	Standard Bank of South Africa
<b>AUDITORS</b>	Deloitte & Touche Registered Auditors
<b>COMPANY SECRETARY</b>	Vacant
<b>HOLDING COMPANY</b>	Jaguar Land Rover (South Africa) Holdings Limited incorporated in the United Kingdom

# JAGUAR LAND ROVER SOUTH AFRICA

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2015

## DIRECTORS' RESPONSIBILITIES AND APPROVAL

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The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.


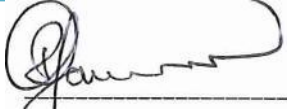
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company.

The financial statements have been audited by the independent auditing firm, Deloitte & Touche, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 4 to 5.

The annual financial statements as set out on pages 8 to 44 were approved by the board on 21 May 2015 and were signed on their behalf by:

 <b>Liaan Etti</b> Finance Director	 <b>Richard Gouverneur</b> Managing Director
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## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JAGUAR LAND ROVER SOUTH AFRICA PROPRIETARY LIMITED**

We have audited the annual financial statements of Jaguar Land Rover South Africa Proprietary Limited set out on pages 8 to 44, which comprise the statement of financial position as at 31 March 2015 and statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Directors' Responsibility for the Financial Statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JAGUAR LAND  
ROVER SOUTH AFRICA PROPRIETARY LIMITED**

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jaguar Land Rover South Africa Proprietary Limited as at 31 March 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports **required** by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on the report.

**Deloitte & Touche**

Registered Auditor

Per: M Osman

Partner

25 May 2015

# JAGUAR LAND ROVER SOUTH AFRICA

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2015

## DIRECTORS' REPORT

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The directors present their report for the year ended 31 March 2015.

### 1. Review of activities

#### Main business and operations

The principal activity of the company is acting as principal in the sale and marketing of vehicles, parts and accessories and the provision of related services and there were no major changes herein during the year.

The company's profit for the year was INR 2,225 mil (2014: INR 1,736.7 million) after taxation expense of INR 911.24 million (2014: INR600.48 million).

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

### 2. Going concern

We draw attention to the fact that at 31 March 2015, the company had retained earnings of INR 1,404.55 million (2014 : INR 1,651.5 million) and the company's total assets exceeded it's total liabilities by INR 1,404.55 million (2014: INR 1,703.8 million).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Based on our current planning assumptions we expect operating cash flows in 2015/16 to be positive. We continue to face many risks and uncertainties related to the global economy, our industry in particular, and the credit environment which could materially impact our plan. We believe that the risk that could reasonably have a material impact on our going concern analysis is a significant decline in industry sales volumes to levels substantially below our current planning assumptions.

We believe that we would not exceed our present available liquidity. Therefore, we do not believe that these reasonable possible scenarios will cause substantial doubt about our ability to continue as a going concern for the next year.

### 3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect of the financial position of the company.

### 4. Directors' interest in contracts

To our knowledge none of the directors had any significant interest in contracts entered into during the year under review.

# JAGUAR LAND ROVER SOUTH AFRICA

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Annual Financial Statements for the year ended 31 March 2015

## DIRECTORS' REPORT

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### 5. Dividends

A dividend of INR 2,311.18 million was declared during the year (2014: R 0).

### 6. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

### 7. Directors

The directors of the company during the year and to the date of this report are as follows:

Kevin John Flynn (Resigned 25 July 2014)  
Brian John Hastie (Appointed 17 August 2012)  
Nigel William Clarke (Appointed 17 August 2012)  
Peter Trevor Biven (Resigned 30 September 2014)  
Rory Peter Beattie (Appointed 24 June 2013)  
Liaan Etienne Kretzschmar (Appointed 24 January 2014)  
Richard Gouverneur (Appointed 1 August 2014)  
Lisa Karryn Mallet (Appointed 1 March 2015)

### 8. Shareholder

There has been no changes in ownership and the shareholder remains:

Jaguar Land Rover (South Africa) Holdings Limited incorporated in the United Kingdom	100%
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### 9. Non-current assets

The company's major non-current asset relates to deferred taxation which arises primarily as a result of temporary differences on the company's warranty provisions.

### 10. Auditors

Deloitte & Touche were the auditors for the year under review.

# JAGUAR LAND ROVER SOUTH AFRICA

(Registration Number 2001/027269/07)

Annual Financial Statements as at 31 March 2015

## Statement of Financial Position

Figures in INR '000	Note(s)	2015	2014
<b>Assets</b>			
Property, plant and equipment	5	43,091	53,299
Deferred taxation assets	13	1,007,267	1,072,346
		<u>1,050,358</u>	<u>1,125,645</u>
<b>Current Assets</b>			
Inventories	6	4,903,532	5,034,945
Current taxation asset	23	51,931	136,446
Related party receivable	16	189,633	188,382
Trade and other receivables	7	1,074,742	1,259,677
Cash and cash equivalents	8	3,377,680	4,172,291
		<u>9,597,519</u>	<u>10,791,741</u>
<b>Total Assets</b>		<u><b>10,647,877</b></u>	<u><b>11,917,386</b></u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Issued capital	9	5	5
Retained earnings		1,404,569	1,651,416
		<u>1,404,575</u>	<u>1,651,421</u>
<b>Non-Current Liabilities</b>			
Provisions	14	1,838,311	1,981,527
Long-term employee benefit obligations	11	9,953	8,698
Deferred revenue	12	2,231,480	2,580,941
		<u>4,079,744</u>	<u>4,571,166</u>
<b>Current Liabilities</b>			
Provisions	14	850,869	1,082,889
Trade and other payables	15	1,146,939	1,808,450
Current taxation liability	23	29,968	-
Related party payables	16	2,054,118	1,722,053
Deferred Revenue	12	1,081,664	1,081,407
		<u>5,163,558</u>	<u>5,694,799</u>
<b>Total Liabilities</b>		<u><b>9,243,302</b></u>	<u><b>10,265,965</b></u>
<b>Total Equity and Liabilities</b>		<u><b>10,647,877</b></u>	<u><b>11,917,386</b></u>

## JAGUAR LAND ROVER SOUTH AFRICA

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2015

### Profit and Loss and other Comprehensive Income for the year

Figures in INR '000	Note(s)	2015	2014
<b>Revenue</b>	18	25,340,238	31,093,113
Cost of sales		-21,037,138	-27,407,939
Gross profit		4,303,100	3,685,174
Other gains / (losses)	19	16,476	-5,908
Marketing expenses		-828,393	-829,693
Administration expenses		-588,638	-540,007
<b>Operating profit</b>	20	<b>2,902,545</b>	<b>2,309,565</b>
Investment revenue	21	320,710	83,533
Finance costs	22	-86,781	-55,197
<b>Profit before taxation</b>		<b>3,136,475</b>	<b>2,337,902</b>
Taxation expense	23	-911,379	-601,033
<b>Profit for the year</b>		<b>2,225,096</b>	<b>1,736,869</b>

# JAGUAR LAND ROVER SOUTH AFRICA

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## Statement of Changes in Equity

Figures in INR '000	Share capital	Retained Earnings	Total
<b>Balance at 1 April 2013</b>	5	-85,454	-85,448
<b>Total comprehensive income for the year</b>			
Profit for the year		1,736,869	1,736,869
<b>Total comprehensive income for the year</b>		1,736,869	1,736,869
<b>Balance at 31 March 2014</b>	1	1,651,416	1,651,421
<b>Balance at 1 April 2014</b>	5	1,651,416	1,651,421
<b>Total comprehensive income for the year</b>			
Profit for the year		2,225,096	2,225,096
<b>Total comprehensive income for the year</b>		2,225,096	2,225,096
Dividends paid		-2,311,190	-2,311,190
<b>Balance at 31 March 2015</b>	5	1,404,569	1,404,575

# JAGUAR LAND ROVER SOUTH AFRICA

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## Statement of Cash Flows

Figures in INR '000	Note(s)	2015	2014
<b>Cash flows from operating activities</b>			
Profit for the year		2,225,096	1,736,869
<i>Adjustments for:</i>			
Finance costs		86,781	55,197
Income tax expense recognised in profit and loss		911,379	601,033
Depreciation of Tangible assets		7,913	11,317
Investment income		-320,710	-83,533
Profit on disposal of property, plant and equipment		-	289,731
Increase in current and long-term employee benefits payable		2102	-386
Operating cash flow before working capital changes		2,912,560	2,320,785
<i>Working capital changes</i>			
(Increase)/Decrease in provisions		-76,941	624,921
Decrease in deferred revenue		7,297	684,163
(Increase)/decrease in inventories		-358,698	132,612
Decrease/(increase) in trade and other receivables		62,315	-478,369
Increase in related party balances		480,104	689,798
(Decrease)/Increase in trade and other payables		-485,473	178,639
Cash generated by operating activities		2,541,165	4,152,550
Interest on warranty provision (non-cash item)		-81,751	-57,088
Interest paid		-5030	1892
Income tax paid		-849,484	-694,298
Net cash from operating activities		1,604,900	3,403,055
<b>Cash flows from investing activities</b>			
Property, plant and equipment acquired	5	-3241	-443
Proceeds on disposals of property, plant and equipment		349	11
Investment income		320,710	83,533
Net cash generated by investing activities		317,818	83,101
<b>Cash flows from financing activities</b>			
Dividends paid		-2,311,190	-
Net cash utilised in financing activities		-2,311,190	-
(Decrease)/increase in cash and cash equivalents		-388,472	3,486,157
Cash and cash equivalents at beginning of the year		3,766,152	686,134
Cash and cash equivalents at end of the year	8	3,377,680	4,172,291

## **JAGUAR LAND ROVER SOUTH AFRICA**

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2015

### Accounting Policies

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#### 1. General information

The annual financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), which includes all applicable IFRSs, International Accounting Standards (IASs) and Interpretations issued by the IFRS Interpretations Committee. A summary of significant accounting policies is set out in note 3.

#### 2. Basis of preparation

The annual financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS2.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with IFRS 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 annual financial statements are disclosed in note 4..

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only effects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3. Summary of significant accounting policies

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

## JAGUAR LAND ROVER SOUTH AFRICA

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Notes for the year ended 31 March 2015

### Accounting Policies

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#### 3.1 Changes in accounting policies and disclosures

##### Adoption of new and revised pronouncements

In the current year, the company has adopted all new and revised IFRSs as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2014. The adoption of these new and revised IFRSs has resulted in changes to the company's accounting policies.

At the date of authorisation of these financial statements for the year ended 31 March 2015, the following IFRSs were adopted:

IFRS / IFRIC	Title and details	Effective
IFRS 10	Consolidated financial statements	Annual periods commencing on or after 1 January 2014
IFRS 12	Disclosure of interests in other entities	Annual periods commencing on or after 1 January 2014
IAS 27 (as revised in 2011)	Separate Financial statements	Annual periods commencing on or after 1 January 2014
IAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	Annual periods commencing on or after 1 January 2014
IAS 36 (Amendment)	Recoverable amount, Disclosures of non-financial assets	Annual periods commencing on or after 1 January 2014
IAS 39 (Amendment)	Disclosure of Derivatives and of hedge accounting	Annual periods commencing on or after 1 January 2014
IFRIC 21	Levies original issue	Annual periods commencing on or after 1 January 2014

##### New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the financial year beginning 1 April 2014 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The Board anticipates that the new standards, amendments and interpretations will be adopted in the company's consolidated financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

IFRS / IFRIC	Title and details	Effective
IFRS 3	Business combinations amendments accounting for contingent considerations	Annual periods commencing on or after 1 July 2014
IFRS 3	Business combinations scope exclusion for joint ventures	Annual periods commencing on or after 1 July 2014

## JAGUAR LAND ROVER SOUTH AFRICA

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Notes for the year ended 31 March 2015

### Accounting Policies

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IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	Annual periods commencing on or after 1 January 2015
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs	Annual periods commencing on or after 1 January 2016
IFRS 9	Financial instruments: Reissue of a complete standard with all the chapters incorporated	Annual periods commencing on or after 1 January 2018
IFRS 10	Consolidated financial statements: Amendments on Sale or Contribution of Assets between an investor and its associate or joint venture	Annual periods commencing on or after 1 January 2016
IFRS 10	Consolidated financial statements: Amendments related to the application of the investment entities exceptions Joint	Annual periods commencing on or after 1 January 2016
IFRS 11	Arrangements: Amendment requiring the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3	Annual periods commencing on or after 1 January 2016
IFRS 12	Disclosure of interests in other entities: Amendments related to the application of the investment entities exceptions Fair	Annual periods commencing on or after 1 January 2016
IFRS 13	value Measurement: Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	Annual periods commencing on or after 1 July 2014
IFRS 15	Revenue from contracts with customers: Amendments arising under the Disclosure Initiative	Annual periods commencing on or after 1 January 2017
IAS 1	Presentation of Financial Statements: Amendments arising under the Disclosure Initiative	Annual periods commencing on or after 1 January 2016
IAS 16	Property, Plant and Equipment: Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	Annual periods commencing on or after 1 July 2014
IAS 16	Property, Plant and Equipment: Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods commencing on or after 1 January 2016
IAS 16	Property, Plant and Equipment: Amendments to include 'bearer plants' within the scope of IAS 16 rather than IAS 41	Annual periods commencing on or after 1 January 2016

## JAGUAR LAND ROVER SOUTH AFRICA

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Notes for the year ended 31 March 2015

### Accounting Policies

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IAS 19 (as revised in 2011)	Employee Benefits: The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.	Annual periods commencing on or after 1 July 2014
IAS 24	Related Party Disclosures: Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)	Annual periods commencing on or after 1 January 2016
IAS 27 (as revised in 2011)	Separate Financial statements: Amendments relating to equity method in separate financial statements	Annual periods commencing on or after 1 January 2013
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures: Amendments on Sale or Contribution of Assets between an investor and its associate or joint venture	Annual periods commencing on or after 1 January 2016
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures: Amendments related to the application of the investment entities exceptions	Annual periods commencing on or after 1 January 2016
IAS 38	Intangible Assets: Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	Annual periods commencing on or after 1 July 2014
IAS 38	Intangible Assets: Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods commencing on or after 1 July 2016

All applicable standards will be complied with in the financial statements of the period ending 31 March 2016. Compliance with these amendments; revisions and improvements require additional disclosure compared to that required in terms of existing IFRS. Management will perform an assessment of the impact of all applicable standards that will apply for the period ending 31 March 2016

#### 3.2 Critical accounting judgements and key sources of uncertainty

The preparation of annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only effects that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the notes. Refer to note 4.

## JAGUAR LAND ROVER SOUTH AFRICA

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Notes for the year ended 31 March 2015

### Accounting Policies

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The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the notes.

All financial statements are presented in Rand, which is the company's functional currency. All amounts have been rounded to the nearest thousand, except where otherwise stated.

#### 3.3 Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that the future economic benefits associated with the item will flow to the company; and - the cost of the item can be measured reliably.

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and available for use. Land is not depreciated as it is deemed to have an indefinite life. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

The major categories of property, plant and equipment are depreciated over the following useful lives:

Computer equipment	10 years
Office furniture and fixtures	12.5 years
Office machines	12.5 years
Computer software	3 years
Marketing equipment	5 years

The carrying amounts of the company's tangible and intangible assets are reviewed at each year end to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the greater of its fair value less cost to sell and its value in use.

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#### 3.4 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the company. All other leases are classified as operating leases.

##### Leases of land and building

When a lease includes both land and buildings elements, an entity assesses the classification of each element as a finance or an operating lease separately in the same way as leases of other assets.

##### Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Contingent rents are charged as an expense in the periods in which they are incurred.

#### 3.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost [formula](#). Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 3.6 Financial instruments

##### Financial assets

##### Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

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Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

#### **Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other (losses)/gains — net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

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#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Impairment of financial assets** Assets carried at amortised cost The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

#### Assets classified as available for sale

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the company uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

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#### Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

#### Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each reporting date, the company assesses whether there is any objective evidence that a receivable or company of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

#### Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in reserves. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in the cumulative impairment losses attributable to the application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of the impaired available-for-sale equity security is recognised in other comprehensive income.

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#### Impairment of financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would consider otherwise, indications that a debtor or issuer will enter into bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for security.

The company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by comparing together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical trends if the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Deficits are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

##### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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### Accounting Policies

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#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest 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.

#### Share capital

##### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

### 3.7 Post-employment benefits and short-term employee benefits

#### Post-employment benefit plans

The company provides post-employment benefits through a defined contribution plan.

#### Defined contribution plans

The company pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

#### Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the company has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short term bonuses in the company as the company has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### Bonus plans

The company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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#### 3.8 Income taxation

##### Current taxation

Income taxation for the year includes current taxation and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss, except to the extent that the taxation arises from a transaction or event which is recognised directly in equity. In the case if the taxation relates to items that are recognised directly to equity, current taxation and deferred taxation are also recognised directly to equity.

Current taxation liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the balance sheet date. Current taxation is the amount of income tax payable or recoverable in respect of the taxable profit or loss for a period.

##### Deferred taxation

Deferred taxation assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation assets also arise from unused taxation losses and unused taxation credits.

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred taxation asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

At each balance sheet date, the company reviews and assesses the recognised and unrecognised deferred taxation assets and the future taxable profit to determine whether any recognised deferred taxation assets should be derecognised and any unrecognised deferred taxation assets should be recognised.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates and taxation laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation assets and liabilities are not discounted.

##### Dividends taxation

Dividends taxation on companies and other additional taxes arising from the distribution of dividends are recognised in the year dividends are declared.

#### 3.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided and goods delivered, net of discounts and Value Added Taxation (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

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### **Accounting Policies**

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#### Sales of goods

Revenue from the sales of motor vehicles, parts and accessories is recognised when all the following conditions have been satisfied:

- The company has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods;
- The amount of revenue can be measured reliably;
- Receipt of the future economic benefits is probable;
- Costs relating to the transaction can be measured reliably.

Revenue comprises net invoiced sales to customers excluding VAT and other non-operating income.

#### Rendering of Services

Revenue arising from Care Plan sales is accounted for when services are rendered.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the reference to the stage of completion of the transaction at the Statement of Financial Position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The stage of completion of the transaction at the reporting date can be measured reliably;
- The costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

If the sale of products includes a determinable amount for subsequent services (multiple-component contracts), the related revenues are deferred and recognised as income over the relevant service period. Amounts are normally recognised as income by reference to the pattern of related expenditure together with a reasonable profit on those services.

#### 3.10 Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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#### 3.11 Foreign currency translation

##### Functional and presentation currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Rand (R), which is the company's presentation currency.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other (losses)/gains — net'.

#### 3.12 Provisions

Provisions are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle an obligation are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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#### Warranty

The company offers warranty cover in respect of manufacturing defects, which become apparent within one to five years after purchase. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

The provisions are presented at the present value, using the risk-free rate and the related interest is excreted to the statement of profit and loss.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

The company's management makes assumptions, estimates and judgements in the process of applying the company's accounting policies that affect the assets, liabilities, income and expenses in the consolidated annual financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### 4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### 4.1.1 Useful lives of property, plant and equipment

As described above, the company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Board determined that the useful lives of certain items of equipment should be extended due to the current assets still being in use.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is not material to the presentation of the Annual Financial Statements.

##### 4.1.2 Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable profits are estimated based on plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

##### 4.1.3 Provision for stock obsolescence

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of the net realisable value also take into consideration the purpose for which the inventory is held.

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### **Accounting Policies**

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#### **4.1.4 Provisions**

Refer to accounting policy note 3.12 for detail of the judgements and estimates used by management in determining the value of these provisions.

#### **4.1.5 Deferred revenue**

If the sale of products includes a determinable amount for subsequent services (multiple-component contracts), the related revenues are deferred and recognised as income over the relevant service period. Amounts are normally recognised as income by reference to the pattern of related expenditure.

Deferred revenue per care plan is derived on a cost plus margin basis and includes a risk adjustment for the uncertainty in future costs.

#### **4.1.6 Revenue recognitions**

Refer to accounting policy note 3.11 for disclosure of the significant assumptions made in relation to revenue recognition.

# JAGUAR LAND ROVER SOUTH AFRICA

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Annual Financial Statements for the year ended 31 March 2015

## Notes to the Annual Financial Statements

Figures in INR '000		2015		2014		
5. Property, plant and equipment						
	Cost	Accumulated depreciation	2015 Carrying value	Cost	Accumulated depreciation	2014 Carrying value
<i>Owned assets</i>						
Furniture and fittings	23,348	7,882	15,466	25,866	7,215	18,651
Corporate Identity	40,614	21,912	18,702	42,727	18,128	24,599
Equipment	6,328	3287	3041	5,698	2909	2789
IT equipment	13,199	7,318	5,882	14,623	7,363	7,260
Computer software	5,338	5,338	-	5,914	5,914	-
	88,827	45,737	43,091	94,827	41,528	53,299

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2015 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	18,651	-	-349	-1020	17,282
Corporate Identity	24,599	2046	-	-5,548	21,097
Equipment	2789	1190	-	-667	3,312
IT equipment	7,260	5	-	-677	6,588
	53,299	3241	--349	-7,913	48,279
	Carrying value at beginning of year	Additions	Disposals	Depreciation	2014 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	21,883	386		-3619	18,651
Corporate Identity	31,155	-		-6,556	24,599
Equipment	3306	56	-290	-284.05	2789
IT equipment	8,130	-	-11	-858	7,260
	64,474	443	-301	-11,317	53,299



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## Notes to the Annual Financial Statements

Figures in INR '000	2015	2014
There were not transfers between Levels 1,2 and 3 during the current financial year.		
The following are the major debtors included in the trade receivables:		
Wesbank, a division of FirstRand Limited	187,664	400,459
Barloworld	201,474	230,683
Parts and accessory trade accounts	413,030	400,891
	<u>802,168</u>	<u>1,032,033</u>

There are no other customer who represent more than 5% of trade receivables.

### Ageing of debtors past due but not impaired

31- 60 days	31,168	62,491
61- 90 days	28,994	5,681
> 90 days	66,018	29,945
Total	<u>126,180</u>	<u>30,013</u>

### Movement in allowance for doubtful debts

Balance at the beginning of the year	-4897	-8,879
Allowances made during the year	-6,461	
Reversal of allowances		3454
Balance at the end of the year	<u>-11,359</u>	<u>-5425</u>

## 8. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents included cash on hand and in bank and investments in money market instruments. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can e reconciled to the related items in the statement of financial position as follows:

Favourable cash balances		
Cash and bank balances	<u>3,377,680</u>	<u>4,172,291</u>

### Guarantees exist as follows:

- Transnet Ports Authority	12,820	14,203
- Transnet Port Terminals	10,256	11,362
- The AA of South Africa	1641	1818
- SA Chamber of Commerce and Industry	16,969	18,798
	<u>41,686</u>	<u>46,181</u>

Cash and cash equivalents comprise cash held. The carrying amount of these assets approximates their fair value. Interest at variable rates linked to the prime lending rate is earned on these balances.

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Figures in INR '000	2015	2014
9. Share capital		
Authorised	_____	_____
1,000 Ordinary shares of INR5 each	_____	_____
Issued		
2 Ordinary shares of INR5 each	_____	_____

Any modification to the Company's share capital requires the prior approval of the Shareholders by means of a Special Resolution.

### 10. Commitments under operating leases

The entity rents two office premises under operating leases. The leases are for an average period of three years, with fixed rentals over the same period. Both of the leases are currently being negotiated for renewal.

Minimum lease payments under operating leases recognised as an expense during the year	16,856	18,679
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At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:

Within one year		14,964
Later than one year but within five years	_____	_____
Later than five years		
		14,964



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Figures in INR '000	2015	2014
11. Long-term employee benefit obligations		
The liabilities recognised for pensions and other employee remuneration in the statement of financial position consist of the following amounts:		
Non-current:		
Defined contribution plans	9,953	8,698
	<u>9,953</u>	<u>8,698</u>

The Company operate a post-employment health care benefit scheme. Only members of the designated scheme who joined the Group on or before 1 January 1996 are eligible for a post-employment health care subsidy. The liability is actuarially valued annually using a projected unit credit method.

The most recent valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2015 by NMG Consultants and Actuaries. The Present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The defined benefit obligation for the reporting periods under review are as follows:

Opening defined benefit obligation	8,698	
Current service cost	133	8,200
Interest cost	779	
Actuarial (gains) / losses	1,395	
Benefits paid	<u>(205)</u>	
Defined benefit obligation 31 March 2015	9,953	<u>(349)</u>
		<u>1,531</u>
For determination of the pension obligation, the following actuarial assumptions were used:		
Discount rate	9.03%	9.00%
Consumer price inflation	7.15%	7.03%
Real discount rate	0.35%	0.43%
Medical cost trend rates	8.65%	8.53%
Fully-accrued age	60 years	60 years
Spouse age difference	Actual	Actual
Continuation at retirement	100 %	100 %
Proportion married at retirement	Actual	Actual

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. These assumptions have led to the amounts determined as the Company's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary. Estimation uncertainties exist especially in regards to medical cost trends, which may vary significantly in future appraisals of the Company's defined benefit obligations.

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Figures in INR '000	2015	2014
12. Deferred revenue		
Total Deferred revenue	-3,313,144	-3,662,348
Current	-1,081,664	-1,081,407
Non-current	-2,231,480	-2,580,941
	-3,313,144	-3,662,348
Deferred revenue movement:		
Balance at 1 April 2013		-2,978,185
Revenue deferred during the period		-1,435,333
Revenue released during the period		738,854
Other adjustments		12,316
Balance at 31 March 2014		-3,662,348
Balance at 1 April 2014		-3,662,348
Revenue deferred during the period		-1,136,825
Revenue released during the period		1,126,378
Other adjustments		2363
Balance at 31 March 2015		-3,670,432

The deferred revenue balance arises as a result of the service revenue related to care plan sales being deferred and recognised as revenue over the life of the service period by reference to the pattern of the related expenditure incurred (refer to note 18.).

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Figures in INR '000	2015	2014
13. Deferred taxation		
	967,961	673,460
Balance at beginning of year <i>Movements consisting of:</i> Temporary differences		
	39,306	398,886
Balance at end of year	1,007,267	1,072,346
The deferred taxation liability arises from the following temporary differences:		
Property, plant and equipment	323	91
Provisions	807,127	1,868,572
Deferred revenue	927,681	-
Allowance for future expenditure	727,166	18,736
Other	697	329
	1,007,267	1,072,346
Deferred tax asset	1,007,267	1,072,346

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. At each balance sheet date, the company reviews and assesses the recognised and unrecognised deferred taxation assets and the future taxable profit to determine whether any recognised deferred taxation assets should be derecognised and any unrecognised deferred taxation assets should be recognised.

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Figures in INR '000	2015	2014		
<b>14. Provisions</b>				
<b>Total Provisions</b>	<u>(2,689,180)</u>	<u>(3,064,417)</u>		
Current	(850,869)	(1,082,889)		
Non-current	<u>(1,838,311)</u>	<u>(1,981,527)</u>		
	<u>(2,689,180)</u>	<u>(3,064,417)</u>		
<b>Other provisions</b>				
	<b>Legal fees</b>	<b>Warranties</b>	<b>Other</b>	<b>Total provisions</b>
	INR'000	INR'000	INR'000	INR'000
Balance at 1 April 2013	21,207	2,173,863	188,842	2,383,912
Additional provisions recognised		1,351,981	-56,520	1,295,461
Reductions arising from payments		-672,045		-672,045
Interest expenses		57,088		57,088
Balance at 31 March 2014	<u>21,207</u>	<u>2,910,888</u>	<u>132,322</u>	<u>3,064,417</u>
Balance at 1 April 2014	21,207	2,910,888	132,322	3,064,417
Additional provisions recognised	-16,969	719,720	44,347	747,098
Reductions arising from payments		-905,789		-905,789
Interest expenses		81,751		81,751
Balance at 31 March 2015	<u>4238</u>	<u>2,806,570</u>	<u>176,669</u>	<u>2,987,477</u>

The provision for legal fees relates to the estimated cost of legal fees for litigation cases identified prior to year end.

The company offers warranty cover in respect of manufacturing defects, which become apparent within one to five years **after** purchase. The estimated **liability for product** warranties is recorded when products are sold. These estimates **are established** using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product **failures. The discount on the warranty provision is calculated** using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation. The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

**Other provisions represent estimated costs to be realised encouraging the sale of vehicles, parts and accessories.**

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Figures in INR '000	2015	2014
15.Trade and other payables		
Accrued liabilities	1,058,281	1,054,127
Sundry creditors	3030.648	3988.062
Trade creditors	85,627	419,735
Value Added Tax		330,600
	<u>1,146,939</u>	<u>1,808,450</u>

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. The carrying amounts approximate fair value.

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to Statement of financial position date.

All amounts are short term. The carrying amount of the trade and other payables is considered by management to approximate their fair values and is deemed as a Level 3, as defined by IFRS 13 Fair Value Measurements.

There were not transfers between Levels 1,2 and 3 during the current financial year.

### 16.Related party (payables) / receivables

Amounts owing to Jaguar Land Rover Limited	-2,054,118	-1,722,053
Amounts owing from Jaguar Land Rover (South Africa) Holdings Limited	189,633	188,382
	<u>-1,864,484</u>	<u>-1,533,671</u>
Current assets	189,633	188,382
Current liabilities	<u>-2,054,118</u>	<u>-1,722,053</u>
	<u>-1,864,484</u>	<u>-1,533,671</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognised in the current or prior periods for bad or doubtful debts in respect of amounts owed by related parties. No interest is charged on these balances.

### 17.Dividend

#### *Dividends attributable to the current year*

Interim dividend declared and paid of : (2,311,190)

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## Notes to the Annual Financial Statements

Figures in INR '000

2015

2014

### 18. Revenue

An analysis of revenue is as follows:

Vehicle sales	21,366,776	27,634,361
Care Plan sales	1,016,734	738,854
Vehicle parts and accessory sales	2,937,698	2,691,754
Other revenue	19,030	28,144
	<u>25,340,238</u>	<u>31,093,113</u>

The sale of vehicles includes a determinable amount for subsequent services (multiple-component contracts), the related revenues are deferred and recognised as income over the relevant service period. Care plan sales are normally recognised as income by reference to the pattern of related expenditure together with a reasonable profit on those services.

The fair value of revenue received in relation to care plan sales is estimated by management. These cost estimates are established using historical information on the nature, frequency and average cost of servicing claims and management estimates regarding possible future incidences based on service schedules. These cost estimates are then inflated by a risk factor, to represent the risk that management carry that actual service costs will vary from planned service costs, as well as a reasonable profit margin and then discounted to present value using a risk-free discount rate in order to determining the fair value of the revenue to be deferred.

The fair value of the revenue deferred is recognised as deferred revenue on the statement of financial position (refer to note 12.) and is recognised as revenue by reference to the pattern of the related expenditure incurred which is typically over a five year period.

### 19. Other gains / (losses)

Other non-turnover items	24,471	20,821
Profit / (loss) of foreign exchange	-7,995	-26,439
Profit / (loss) on sale of fixed assets		-289,731
	<u>16,476</u>	<u>-5,908</u>

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## Notes to the Annual Financial Statements

Figures in INR '000	2015	2014
20. Operating profit		
Operating profit is arrived at after taking into account the following items:		
<i>Expenditure</i>		
Loss on disposal of property, plant and equipment		290
Exchange rate losses on foreign exchange	7,995	26,439
	7,995	26,729
<i>Depreciation</i>		
<i>Owned assets</i>		
Furniture and fittings	-1020	-3619
Corporate Identity	-5,548	-6,556
Equipment	-667	-284
IT equipment	-677	-858
	-7,913	-11,317
Auditors' remuneration		
Audit fees		
-current	3154	2380
<i>Operating lease charges</i>		
Premises	16,856	18,679
Equipment	2497	2051
	19,353	20,730
21. Investment income		
Interest income		
Bank deposits	313,346	77,097
Staff loans	7,364	6,437
	320,710	83,533
22. Finance costs		
Other interest expenses		
Warranty provision	5031	-1892
	81,751	57,088
	86,781	55,197

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## Notes to the Annual Financial Statements

Figures in INR '000	2015	2014
23. Income taxation expense		
Current taxation	883,329	675,141
Underprovision in prior year	69,741	273,676
Deferred taxation		
Current year temporary differences	-5046	-278,602
Overprovision in prior year	-36,645	-69,183
Income taxation for the year	911,379	601,033
Income taxation expense can be reconciled to accounting profit as follows:		
Profit before tax	3,136,475	2,337,902
South African normal taxation rate @ 28%	878,211	654,599
<i>Adjusted for:</i>		
Permanent differences	33,168	-258,065
Effect of adjustment relating to prior year		204,499
Net reduction	33,168	-53,566
Income tax expense / (income) recognised in profit or loss	911,379	601,033
<i>South African Receiver of Revenue</i>		
Opening balance	123,164	391,756
Current tax expense	-883,329	-675,141
Underprovision in prior year	-69,741	-273,676
Prior year refunds received		-908.96
Provisional payments made	849,730	694,298
Interest accrued	2138.376	119.301
South African Receiver of Revenue Net Refund Due	21,963	136,446
<i>Current taxation balances are presented on the face of the statement of financial position as follows:</i>		
Current taxation asset	51,931	136,446
Current taxation liability	-29,968	
South African Receiver of Revenue Net Refund Due	21,963	136,446

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## Notes to the Annual Financial Statements

Figures in INR '000		2015	2014				
24. Directors' emoluments							
Name	Fees paid to director for services	Salary	Bonuses and performance related payments	Fees paid in relation to loss of office	Expense allowance	Contributions paid under pension scheme	Pensions
Director A		17,143		8,107			
Director B		5,697	2512.72		128.2		
Director C	-	5,138	1256.36		128.2		
Director D		3215.256	2512.72		82.048		
Director E		5,764	420.496		107.688		
Director F		548.696			10.256		
Director G	-	5,431	2512.72		143.584		
Director H	-	11,153					
		54,090	9,220	8,107	594.848		

Director's emoluments of INR 49,242,908 were paid in the prior financial period.

## 25. Loans and guarantees to officers

Particulars of loans and guarantee to the officers, all being the directors, disclosed pursuant to the Companies Act of South Africa are as follows:

### Loans to officers

Name of officer	Balance at 31 March 2015	Balance at 31 March 2014
Brian John Hastie	3,439,878	4,066,568
Nigel William Clarke	6,582,988	
Peter Trevor Biven	2,277,145	6,539,217
Rory Peter Beattie	5,544,953	4,874,122
Liaan Etienne Kretschmar	5,448,069	5,824,638
Richard Gouverneur	5,457,146	
Lisa Karryn Mallet	3,418,058	

The loans to officers are secured, interest bearing at the SARS interest rate and repayable on demand. Interest to the value of INR 1,818,291.37 (2014: INR 1,379,130.92) was charged during the year. The interest charged approximates the amount that would be charged under an arms length transaction.

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## Notes to the Annual Financial Statements

Figures in INR'000	2015	2014
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### 26. Related party transactions

The holding company of Jaguar Land Rover (South Africa) Holdings Limited is Jaguar Land Rover Limited (UK). During the year the company entered into the following trading transactions with related parties.

Name	Relationship	Transactions	2015	2014
Jaguar Land Rover Limited	Ultimate Holding company	Purchase of goods	12,969,004	18,846,331
Jaguar Land Rover Limited	Ultimate Holding company	Trade Mark Fees	1,623,371	2,014,108

Purchases were made at the approved transfer prices between the related parties.

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Figures in INR '000	2015	2014
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### 27. Financial instruments

The company has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Total
<b>2015</b>					
Intra-group loans (note 16.)				189,633	189,633
Trade and other receivables (note 7.)				1,047,440	1,047,440
Cash and cash equivalents (note 8.)				3,377,680	3,377,680
<b>2014</b>					
Intra-group loans (note 16.)				188,382	188,382
Trade and other receivables (note 7.)				1,259,677	1,259,677
Cash and cash equivalents (note 8.)				4,172,291	4,172,291

The company has classified its financial liabilities in the following categories

	Non- financial instruments	Financial liabilities amortised cost	Total
<b>2015</b>			
Trade and other payables (note 15.)		1,146,939	1,146,939
Intra-group loans (note 16.)		2,054,118	2,054,118
<b>2014</b>			
Trade and other payables (note 15.)		1,808,450	1,808,450
Intra-group loans (note 16.)		1,722,053	1,722,053

Financial instruments are carried at amounts not materially different from their fair values as at 31 March 2014 and 2015.

The company is exposed to credit risk and liquidity risk arising in the normal course of its business and financial instruments. The company's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

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## Notes to the Annual Financial Statements

Figures in R '000	2015	2014
27.1 Credit risk		
The company is exposed to credit risk on financial assets, mainly attributable to trade and other receivables. It sets credit limits on each individual customer and prior approval is required for any transaction exceeding that limit. A customer with sound payment history would qualify for a higher credit limit. In addition, the overseas customers would normally be required to transact with the company by letter of credit in order to minimise the company's credit risk exposure.		
Summary quantitative data		
Trade and other receivables (note 7.)		
Deposits with banks (note 8.)	1,047,440	1,259,677
	3 377 680	4 172 291

At 31 March 2015, the company has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

An analysis of the age of financial assets that are past due as at the reporting date but not impaired is included in note 7.

### 27.2 Liquidity risk

The company is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

Summary quantitative data	Less than 1 year	and 5 years	Over 5 years	Between 1 and 5 years Undated
2015				
Trade and other payables (note 15.)	1,146,939			
Provisions (note 14.)	850,869			1,838,311
Deferred Revenue (note 12.)	1,081,664			2,231,480
Inter-group loans (note 16.)	2,054,118			
2014				
Trade and other payables (note 15.)	1,808,450			
Provisions (note 14.)	1,082,889			1,981,527
Deferred Revenue (note 12.)	1,081,407			2,580,941
Inter-group loans (note 16.)	1,722,053			

### 27.3 Fair value of financial instrument

The estimated fair values of financial assets and financial liabilities as at 31 March 2015 have been determined using available market information and appropriate valuation methodologies. The fair value of almost all financial instruments equals their carrying value, either because of the short term nature and normal trade terms thereof, or the market-related interest rates attached to it.

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## Notes to the Annual Financial Statements

Figures in R '000	2015	2014
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### 27.4 Interest rate risk

The company's exposure on interest rate risk mainly arises from it provisions.

#### Sensitivity analysis

Should the interest rate used for the provisions vary by 1% then the following movements can be expected on the interest charges:

Provisions (note 14.)

19,081

21,741

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rate represent management's assessment of a reasonably possible change in interest rates at that date over the period until the next annual balance sheet date.

The analysis is prepared on the same basis for 2014.

### 27.5 Currency risk

The group is exposed to the risk of fluctuations in foreign currencies, as a result of future transactions in foreign companies. The group makes use of forward exchange contracts to manage this risk at a group level and the company does not hedge the risk locally.

The company closely and continuously monitors the exposure on currency risk. Since the South African Rand is pegged to US dollars, there is no significant exposure expected on US dollars transactions and balances. Even though the South African Rand is not pegged to the Great British Pound, the risk of foreign exchange rate fluctuations is carried by the group. Thus, there are no significant transactions and balances denominated in a foreign currency. In case of any significant fluctuation expected, the foreign currency transactions and balances would also be monitored and controlled in the same manner as other foreign currencies.

In respect of sales and receivables, the company only transacts in South African Rands. 28.

### Going Concern

The directors believe that the company will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

Based on our current planning assumptions we expect operating cash flows in 2015/16 to be positive. We continue to face many risks and uncertainties related to the global economy, our industry in particular, and the credit environment which could materially impact our plan. We believe that the risk that could reasonably have a material impact on our going concern analysis is a significant decline in industry sales volumes to levels substantially below our current planning assumptions.

We believe that we would not exceed our present available liquidity. Therefore, we do not believe that these reasonable possible scenarios will cause substantial doubt about our ability to continue as a going concern for the next year.