

# **FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

## **JAGUAR LAND ROVER FRANCE**

A French limited company in the form of a *Société par Actions Simplifiée*

165 boulevard de Valmy

ZA Kléber, Bâtiment Ellington, CS

92700 COLOMBES

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### **Auditor's Report on the Financial Statements**

Financial year ended 31 March 2018

To the sole shareholder,

In compliance with the assignment entrusted to us by you, we hereby report to you, for the financial year ended 31 March 2018, on:

- The audit of the accompanying financial statements of Jaguar Land Rover France;
- The justification of our assessments;
- The specific verifications and information required by law.

These financial statements have been approved by the Chairman. Our responsibility is to express an opinion on the financial statements, based on our audit.

#### **I – Opinion on the financial statements**

We conducted our audit in accordance with the professional standards applied in France. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made in the preparation of the financial statements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and financial position of the company at 31 March 2018 and the results of operations for the financial year then ended in accordance with French generally accepted accounting principles.

Without qualifying the opinion expressed above, we draw your attention to the note entitled “Introduction”, noting the lack of comparability of the current period with the previous period which lasted 15 months.

#### **II – Justification of assessments**

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we inform you that the assessments we made were related to the appropriateness of the company's accounting policies and significant accounting estimates.

The assessments were thus made in the context of the performance of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

#### **III – Specific verifications and information**

We have also performed the specific verifications required by law, in accordance with professional standards applied in France.

We have no matters to report regarding the fair presentation and the conformity with the financial statements of the information given in the Chairman's report and in the documents addressed to the sole shareholder with respect to the financial position and the financial statements.

Neuilly-sur-Seine, 31 May 2018

The Statutory Auditor

Deloitte & Associés

Mark Bathgate

## BALANCE SHEET – ASSETS

(in euro)	Accounting period ended 31 March 2018			31-mars-17
	(12 months)			(12 months)
	GROSS	DEPRECIATION, AMORTIZATION, PROVISIONS	NET	NET
<b>NON-CURRENT ASSETS</b>				
<b>INTANGIBLE ASSETS</b>				
Concessions, patents, licenses, software, and similar rights	19 000	9 310	9 690	16 025
Goodwill	5 858 846		5 858 846	5 858 846
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Buildings	44 209	15 241	28 967	30 930
Industrial and technical plant	648 697	364 836	283 861	252 180
Other plant and equipment	1 169 221	315 059	854 162	232 865
PP&E under construction	281 454		281 454	11 954
<b>FINANCIAL ASSETS</b>				
Guarantee deposits	172 169		172 169	168 396
<b>TOTAL</b>	<b>8 193 598</b>	<b>704 447</b>	<b>7 489 151</b>	<b>6 571 195</b>
<b>CURRENT ASSETS</b>				
<b>INVENTORIES AND WORK-IN-PROGRESS</b>				
Bought-in goods	86 100 499	3 901 077	82 199 422	54 488 436
Payments on account – inventories	200 385		200 385	8 867
<b>ACCOUNTS RECEIVABLE</b>				
Trade receivables and related accounts	59 185 352	175 210	59 010 141	43 677 045
Other receivables	55 519 009		55 519 009	79 770 991
<b>OTHER CURRENT ASSETS</b>				
Cash and cash equivalents	1 086 933		1 086 933	1 134 733
Prepayments	1 423 196		1 423 196	858 792
<b>TOTAL</b>	<b>203 515 376</b>	<b>4 076 288</b>	<b>199 439 088</b>	<b>179 938 866</b>
Deferred charges				
Bond redemption premiums				
Unrealized foreign exchange losses				
<b>GRAND TOTAL</b>	<b>211 708 974</b>	<b>4 780 735</b>	<b>206 928 239</b>	<b>186 510 062</b>

## BALANCE SHEET – LIABILITIES & SHAREHOLDERS' EQUITY

(in euro)	Accounting period ended 31 March 2018 (12 months)	31-mars-17 (12 months)
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	3 115 880	3 115 880
Additional paid-in capital	1 086 826	1 086 826
Legal reserve	311 588	311 588
Retained earnings		8 532 796
<b>Net income (loss) for the period</b>	<b>4 449 142</b>	<b>6 676 512</b>
Tax-driven provisions		
<b>TOTAL</b>	<b>8 963 437</b>	<b>19 723 603</b>
<b>PROVISIONS FOR CONTINGENCIES AND LOSSES</b>		
Provisions for contingencies	3 307 339	2 611 996
Provisions for losses	1 393 794	1 351 538
<b>TOTAL</b>	<b>4 701 133</b>	<b>3 963 534</b>
<b>LIABILITIES</b>		
<b>Operating liabilities</b>		
Trade payables and related accounts	100 537 938	88 017 302
Tax and employee-related liabilities	22 511 226	21 687 281
<b>Other liabilities</b>		
Other liabilities	65 674 375	52 562 403
<b>Deferred income and miscellaneous</b>		
Deferred income	4 540 127	555 937
<b>TOTAL</b>	<b>193 263 668</b>	<b>162 822 924</b>
Unrealized foreign exchange gains		
<b>GRAND TOTAL</b>	<b>206 928 239</b>	<b>186 510 062</b>

## INCOME STATEMENT FOR THE YEAR

(in euro)			Accounting period ended 31 March 2018 (12 months)	31-mars-17 (12 months)
<b>OPERATING REVENUES</b>	France	Export		
Sales of bought-in goods	685 364 580	158 575 489	843 940 070	854 303 250
Sales of own services	11 230 868	19 302 606	30 533 475	22 935 494
<b>NET SALES</b>	<b>696 595 448</b>	<b>177 878 096</b>	<b>874 473 545</b>	<b>877 238 745</b>
Operating subsidies			14 000	16 000
Reversals of dep'n and provisions, reclassification of expenses			2 230 910	1 181 358
Other revenues				150 001
		<b>TOTAL</b>	<b>876 718 455</b>	<b>878 586 104</b>
<b>OPERATING EXPENSES</b>				
Purchases of bought-in goods (including customs duties)			800 796 817	793 742 553
Change in inventories of bought-in goods			-30 335 353	-7 486 613
Other purchases and external charges			79 597 968	67 078 664
Duties and taxes other than corporate income tax			3 719 211	2 898 481
Wages and salaries			6 227 956	5 489 679
Employee welfare contributions and similar charges			2 975 661	2 949 074
Depreciation and amortization			119 623	97 281
Impairment of current assets			2 704 691	86 861
Charges for provisions			2 449 746	1 254 540
Other charges			-224	40 228
		<b>TOTAL</b>	<b>868 256 097</b>	<b>866 150 751</b>
<b>NET OPERATING INCOME</b>			<b>8 462 357</b>	<b>12 435 353</b>
Financial income			12 058	69 318
Financial expenses			992 050	2 195 153
<b>NET FINANCIAL EXPENSE</b>			<b>-979 992</b>	<b>-2 125 834</b>
<b>NET INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX</b>			<b>7 482 365</b>	<b>10 309 518</b>
Exceptional income - operating items			29 750	1 017
Exceptional income - capital items			5	8 878
Exceptional income - reversal of provisions and reclassification of expenses				442 614
<b>Exceptional income</b>			<b>29 756</b>	<b>452 509</b>
Exceptional charges - operating items			145 753	94 513
Exceptional charges - capital items			5 590	20 919
Exceptional charges for impairment and provisions			295 000	
<b>Exceptional charges</b>			<b>446 343</b>	<b>115 432</b>
<b>NET EXCEPTIONAL ITEMS</b>			<b>-416 587</b>	<b>337 077</b>
Statutory employee profit-sharing scheme			379 855	645 004
Corporate income tax			2 236 780	3 325 078
<b>NET INCOME (LOSS) FOR THE PERIOD</b>			<b>4 449 142</b>	<b>6 676 512</b>

## **JAGUAR LAND ROVER FRANCE SAS – NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

Jaguar Land Rover France SAS was created on 10 November 2008 with share capital of €3,115,880 comprising 311,588 shares with a par value of €10 each.

The following notes apply to the company's financial statements including a balance sheet (before appropriation of net income) as at 31 March 2018 disclosing total assets of €206,928,239 and an income statement for the period disclosing net income of €4,449,142.

The financial year comprised twelve months from 1<sup>st</sup> April 2017 to 31 March 2018.

The financial statements have been authorised for publication by the company's Chairman. The main events of the period have been commented on in the Chairman's Report to shareholders.

For its 2017/18 financial year, JLR France recorded net sales of €874,473,545, operating costs of €868,256,097 and net financial expense of €979,992. Net income for the period amounted to €4,449,142.

The notes and tables hereafter are an integral part of the financial statements for the period ended 31 March 2018. All amounts are in euro unless otherwise stated.

### **1/ Economic and market environment:**

#### **a. The global automobile industry in 2017**

In 2017, the global automobile market recorded 93 million new vehicle registrations (including LGVs), 2 million more than in 2016 so an increase of 2.3%. China retained its leadership with about 27.5 million units sold (equally 2.3% more than in 2016). Since 2008, China has gained 17 points in market share.

The USA followed with a loss of 300,000 units in 2017 (a fall of 2% and a loss of 0.8 points of market share). Japan and India did well with respective sales of 5.1 million (+5%) and 3.7 million (+9.5%) vehicles.

Europe totalled 17.6 million new vehicle sales or 19% of the global market. Germany, the 4<sup>th</sup> market worldwide, headed the list with 3.7 million registrations (+3%), followed by Great Britain (2.9 million/-5.4%) and France (2.5 million/+5%), the 7<sup>th</sup> market worldwide.

Despite its significant +12% increase, the Russian market represented "only" 1.6 million registrations and Brazil, 2.2 million (+9.3%).

In terms of demand, the global automobile market was thus contrasted in 2017 with dynamic European markets but a continuous slowdown in the USA. The Chinese market is apart since it is largely state-subsidised.

In China, there is doubt as to the pursuit of sales growth. The tax reduction for small cars is not expected to be maintained in 2018 so a slowdown in the pace of growth, or a fall in sales, may be feared. Electric and hybrid vehicles should remain popular with Chinese consumers inasmuch as the central authorities promote them both to combat China's endemic pollution and to encourage the emergence of national champions. The latter goal is even quantified: in 2019, between 4% and 5% of each manufacturer's sales will comprise electric or hybrid vehicles. The plan has however only received a tepid welcome from the industry's main players who stress the difficulties of implementation.

In the USA, the rise in interest rates in 2017 has resulted in higher borrowings costs and the quality of consumer credit (90% of new vehicles are purchased on credit) has thus deteriorated since loan maturities have risen to as much as 7 years (84 months) thereby excluding certain borrowers from the market and accentuating the fall in residual values. In addition, despite a historically low level of unemployment, the level of employment at the end of 2017 was nevertheless 4 percentage points below its level of January 2007. Even so, the median salary level grew by 3.1% between 2016 and 2017.

EU unemployment, at 8.6% in January 2018, has not been lower over the past 9 years and has fallen by 1 percentage point over the past year. Albeit unemployment remains high in Southern Europe, vehicle registrations have performed well thanks to re-equipment by car rental and other companies seeking models with lower maintenance costs. Interest rates remained low in 2017 and thus encouraged recourse to consumer credit as well as to more recent financing formulae such as leasing with an option to buy. Even so, demand is expected to be weaker than before albeit European consumer confidence may be expected to remain positive.

In terms of offer, sales have peaked in Western Europe whereas China, despite a good year in 2017, is likely to experience perturbation. But China has become a significant player for the production of electric and hybrid vehicles,

technologies the central government strongly encourages via tax incentives. The country is well placed to retain a leading position in this area via its determined policy of mobility but also by the acquisition of lithium producers in Latin America or Australia.

In the USA, further contraction of the new vehicle market may be expected in 2018. With the arrival on the second-hand market of millions of previously leased vehicles, residual values may fall by 3% in 2018 adding to their 6% fall in 2017. Increased manufacturer competition may also be expected to erode margins, whilst the ALENA agreements remain the subject of bitter renegotiation between Canada, the USA and Mexico. The US proposals for determining the local content of each vehicle pose a problem for the other two countries, which are insisting for greater recognition of US-manufactured components.

Registrations in Western Europe should continue to increase in 2018 but the UK's withdrawal from the EU planned for March 2019 may be expected both to present risks for the UK automobile industry and to modify the organisation of vehicle manufacturing in Europe. However the European vehicle and component manufacturers are at the cutting edge of driving assistance and particulate emission reduction technologies, under the impulsion of public policies, and the presence of a dense distribution network should also help European manufacturers resist competition from the US manufacturer Tesla.

### **b. The French automobile market**

More than 2.1 million cars were sold in France in 2017, a rise of almost 5%. Between April 2017 and March 2018, the overall market rose by 4.54% (with sales of 2,571,845 units including 2,126,536 passenger cars and 445,309 LGVs).

For the calendar year, with 2,110,751 new car registrations the market rose by 4.7% over 2016, thus renewing with its level prior to the crisis of 2009 (2.05 million sales were recorded in 2008) and promising lasting stability.

Renault remains the French market leader with 416,578 sales, its best score since 2011 and up by 2.1%. Nevertheless, Peugeot signed a performance of +9.2%, with 366,872 sales, helped by the success of its SUVs including the Peugeot 3008. Citroën also exceeded sales of 200,000 units thanks to the success of its C3 model and to an excellent start by the C3 Aircross (8,618 sales).

The Renault Clio remains the most sold model, with a gap of more than 20,000 units compared to its follower the Peugeot 208, but mainly as a result of its success with companies, public authorities and car renters. The Dacia Sandero was the most popular buy for private individuals in 2017, whilst Dacia as a whole hit a new sales record with more than 117,000 units distributed.

With 681,000 units sold in 2017, SUV and 4x4 versions represented 32.3% of new car sales in France, a historic record largely attributable to the success of the Peugeot 3008 II, Renault Captur and Peugeot 208 models which alone accounted for 211,000 units. The phenomenon is European but France is the star: in Germany for example, the continent's foremost market, the SUV market share does not exceed 25%. Nevertheless, experts insist on a fashion phenomenon and thus on the risk of a fall in enthusiasm as already observed for the monospace models which immediately preceded the fashion for SUVs, the market shares for which may nevertheless remain stable for a few more years. Long-term vision is difficult given the inherently unstable yet forceful media, political and legislative debate over the issue of pollution. It is however a fact that SUVs weigh more, and have less advantageous aerodynamics, than the saloon cars from which they are derived, so consume more and pollute more.

For the first time since 2000, the diesel market share has fallen below 50% with, in addition, a market share of only 47.3% for diesel compared to 47.7% for petrol versions. Sales of electric vehicles rose by 14.5% but their market share was still only 1.2%. Hybrid versions fared better with a market share bounding from 2.9% to 3.9%, mainly the fruit of simple hybrids with the plug-in models lagging far behind.

The breakdown by energy:

Energy	2017 market share	2016 market share
Petrol	47.58%	43.82%
Diesel	47.29%	52.13%
Hybrid	3.86%	2.90%
Electric	1.18%	1.08%

Other 0.09% 0.07%

### **c. Jaguar Land Rover**

2017 was marked by the launches of the Range Rover Velar, with its novel design, in the large luxury SUV/4x4 market segment, of the Jaguar E-Pace, a more compact version of the F-Pace, and by the announcement of the launches of the Jaguar I-Pace (100% electric) and of the Range Rover Sport PHEV (hybrid) in the 1<sup>st</sup> half of 2018.

Outside their heritage markets – luxury 4x4s for Land Rover, family and luxury saloons for Jaguar – the two brands complement each other in other market segments and in particular the constantly growing market for SUVs. Within the luxury SUV/4x4 segment, JLR has positioned 3 models (Range Rover Velar, Jaguar F-Pace and Land Rover Discovery) and thereby acquired a significant 24.4% market share which has almost doubled in the space of a year. That rise has countered the contraction in sales, within the luxury compact SUV/4x4 market segment, of the Range Rover Evoque which has passed its peak of maturity while the newly launched Jaguar E-Pace does not yet represent a significant volume of sales.

Within the large SUV/4x4 market segment, the Range Rover and Range Rover Sport models retain a significant combined market share of about 25% but have nevertheless suffered a loss in sales of about 50%, victims of the specific taxes on CO<sup>2</sup> and luxury vehicles.

Within the segment for family saloons, the brand only proposes the Jaguar XE (3.43% of market share) model which is faced with strong competition from German brands (the Audi A5, BMW series 3 and 4, Mercedes class C) within a market in any case in decline.

The same issue is faced within the segment for large and luxury saloons where the Jaguar XF faces strong and notably German competition from broader ranges having the benefit of a significant level of spontaneous notoriety. The Jaguar XJ model only achieves about 1% of the luxury segment of which Mercedes and BMW together control almost 50%.

Finally, within the sporting segment the Jaguar F-Type has a market share of 9.3% where Porsche offers 4 models for a dominating share of 82%.

The 2018/19 financial year sees the start of significant legislative and regulatory change constraining manufacturers to enlarge their product offering with hybrid and electric versions. Jaguar Land Rover has chosen to give priority to the market segments of promise, with the Jaguar I-Pace and Range Rover PHEV, for which strong demand may be anticipated. For the time being the other market segments of both brands, albeit tending to contract, have not yet suffered as a result of the new standards applicable to Model Year 2019.

### **2/ Dividends:**

The sole shareholder decided on the payment of a dividend of €15,209,308 to Jaguar Land Rover Limited, as a result of which the company's retained earnings as at 1 April 2017 were reduced to zero.

### **3/ Accounting policies:**

The financial statements for the period ended 31 March 2018 have been prepared in accordance with French law, French regulation ANC n° 2016-07 and with French generally accepted accounting principles.

The following accounting conventions have been applied:

- Going concern (cf. above);
- Consistency of accounting policies;
- Accrual basis.

Unless otherwise stated, the historical cost basis of valuation has also been applied.

The company's main accounting policies are as follows:

#### **a/ Intangible assets and property, plant and equipment**

##### **i. Intangible assets**

- . Intangible assets are recorded at acquisition cost.
- . Goodwill is not amortised but is subject to impairment depending on the economic environment
- . Computer software is amortised on a straight-line basis over five years.

##### **ii. Property, plant and equipment**

Property, plant and equipment are recorded at historical cost, inclusive of directly attributable expenses but excluding any borrowing costs, and depreciated on a straight-line basis using the following estimated useful lives:

- Fixtures and fittings 10 to 20 years
- Equipment and tools 8 to 10 years
- Technical installations 1 to 3 years
- Furniture 1 to 10 years

Property, plant and equipment contributed at the time of the company's creation were recognised as second-hand assets.

#### **b/ Non-current financial assets**

Non-current financial assets comprise guarantee deposits, in particular for the company's leasehold premises in Colombes, and do not require the recognition of any impairment. The company has no equity investments.

#### **c/ Inventories**

Spare part inventories are measured at average cost. Impairment allowances are recognised when the estimated net realisable value is below cost (e.g. for slow-moving items based on recent sales or consumption). In particular, impairment is recognised for parts without movement over the past three years, with the exception of the company's action service or all-time buy references, as well as for parts subject at the year-end to very slow rotation.

Vehicles are measured on the basis of individual historical cost. Impairment allowances are recognised when the estimated net realisable value is below cost.

#### **d/ Receivables and payables**

Trade receivables are measured on the basis of the applicable invoice amounts less any impairment based on the legal and financial appraisal of debtors as at the balance sheet date.

Receivables and payables are recognised inclusive of the applicable taxes.

Vehicles are billed to dealers when they leave the UK factory. Direct sales are billed on delivery. Spare parts despatched are billed at the end of each week.

#### **e/ Sales incentive programmes**

The cost of sales incentive programmes is deducted from the applicable sales and accrued as appropriate. Occasionally, incentives may be decided on subsequent to sale (e.g. in the case of retail programmes designed to clear dealer inventories), in which case appropriate provision is made at the time of the decision. The corresponding liabilities are recognised as part of other liabilities.

#### **f/ Factoring**

Receivables arising from sales of vehicles to dealers are transferred on a daily basis to FCA France which is responsible for collection and assumes the applicable risks.

#### **g/ Post-employment and long-service benefits**

Post-employment and long-service benefits are provided for over employees' expected working lives and recognised as part of provisions for contingencies.

The main actuarial assumptions applicable to post-employment benefits are as follows:

- Discount rate of 1.4%;
- Annual salary increases of 3%;
- Mortality per the INSEE table for 2000-2002;
- Retirement as follows:

<b>Year of birth</b>	<b>Min. retirement age</b>	<b>Max. retirement age</b>
1/7/1951-31/12/1951	60.33	65.33
1952	60.67	65.67
1953	61	66

1954	61.33	66.33
1955	61.67	66.67
1956	62	67
> 1956	62	67

- Retirement assumed to be voluntary;
- Social contribution loading factors of 49.7% for senior executives, 49.9% for other managers and 50% for employees/technicians;
- Use of the projected unit credit method reflecting past service;
- Staff turnover rates by age band as follows and respectively for managerial/non-managerial personnel: 18-24 (18%, 10%), 25-29 (13%, 6%), 30-34 (9%, 4%), 35-39 (6%, 2%), 40-44 (3%, 1%), 45-49 (1%, 0.5%), and 50-65 (0%, 0%);
- Collective bargaining agreement applicable to the metallurgy industry.

#### **h/ Product warranty**

No warranty is provided for by Jaguar Land Rover France SAS since all warranty costs for vehicles and spare parts are borne by Jaguar Cars Limited and Land Rover Limited in the UK.

Dealers receive warranty credits from Jaguar Land Rover France SAS based on the amounts granted by Jaguar Land Rover Limited (UK). In parallel, Jaguar Land Rover France SAS recognises credits from its parent company net of its margin on the original sale of parts to the dealers.

#### **i/ Transactions denominated in foreign currencies**

Income and expenses denominated in foreign currencies are recognised at the exchange rates prevailing on the transaction dates. Receivables and payables are adjusted to the applicable closing rates at the year-end. Unrealised losses are charged to profit or loss.

#### **4/ Directors' remuneration and advances to directors:**

- a. As the Chairman of JLR France is not an employee of the company, he receives no remuneration from JLR France.
- b. As stipulated by the French code of commercial law, no form of advance has been made to directors of the company.

#### **5/ Cash and cash equivalents:**

Cash on hand or at bank is measured at its nominal amount. The company has no foreign currency holdings. Its cash and cash equivalents amounted at 31 March 2018 to €1,086,933.

### **ADDITIONAL INFORMATION IN RESPECT OF THE BALANCE SHEET**

#### **SHARE CAPITAL AND RESERVES**

##### **6. Share capital**

The company's opening and closing share capital comprised 311,588 shares with a par value of €10 each.

##### **7. Statement of changes in equity**

	<b>31/03/2018</b>
Opening equity at 1st April 2017:	
- Share capital	3 115 880
- Share premium	1 086 826
- Legal reserve (after appropriation of net income for 2014)	311 588
- Retained profits (after appropriation of net income for 2016)	15 209 309
	<b>19 723 603</b>
Net income for the year	4 449 143
Dividend distributed	-15 209 309
<b>Closing equity at 31 March 2017</b>	<b>8 963 437</b>

## PROVISIONS

### 8. Breakdown of provisions

	<b>Tax-driven provisions</b>	<b>Provisions for contingencies and losses</b>	<b>Impairment allowances</b>	<b>Total</b>
Opening balance		3 963 534	1 488 531	5 452 065
Charges for the period		2 744 746	2 704 692	5 449 438
Reversals for the period		-2 007 147	-116 934	-2 124 081
<b>Closing balance</b>		<b>4 701 133</b>	<b>4 076 288</b>	<b>8 777 422</b>

#### 8.1 Tax-driven provisions

None

#### 8.2 Provisions for contingencies and losses

The provision of €4,701,133 comprised:

- €1,361,675 for standard returns of spare parts;
- €1,927,184 for litigation;
- € 18,481 for maintenance commitments in respect of vehicles sold;
- €1,393,794 for post-employment and similar obligations.

The €2,744,746 of charges for the period mainly comprised:

- €1,172,158 for standard returns of spare parts;
- € 0 for maintenance commitments in respect of vehicles sold;
- €1,530,332 of payments under litigation;
- € 42,256 for post-employment and similar obligations.

The €2,007,147 of reversals for the period mainly comprised:

- €1,099,135 relating to standard returns of spare parts;
- € 140,493 for maintenance commitments in respect of vehicles sold (including €125,578 of surplus provision);
- € 765,519 relating to litigation (including €727,680 of surplus provision);
- € 0 relating to post-employment and similar obligations.

#### 8.3 Impairment allowances

The total of €4,076,288 as at 31 March 2018 comprised:

- €3,901,078 in respect of inventories;
- € 175,211 in respect of trade receivables.

The €2,704,692 of charges for the period mainly comprised:

- €2,704,692 for spare parts;
- € 0 for trade receivables.

The €116,934 of reversals for the period mainly comprised:

- €80,324 for second-hand vehicles;
- €36,610 for trade receivables.

## NON-CURRENT ASSETS

### 9. Breakdown of non-current assets

	Intangible assets	Tangible assets	Financial assets	Total
Gross opening balance	5 877 846	1 157 659	168 396	7 203 901
Additions		769 894	3 774	773 668
Disposals		-65 426		-65 426
Assets under construction		281 455		281 455
<b>Gross closing balance</b>	<b>5 877 846</b>	<b>2 143 582</b>	<b>172 170</b>	<b>8 193 598</b>

### 10. Depreciation and amortisation

#### a) For accounting purposes

	Intangible assets	Tangible assets	Financial assets	Total
Opening balance	2 975	629 731		632 706
Straight-line charges	6 335	113 288		119 623
Eliminated for disposals		-47 882		-47 882
<b>Closing balance</b>	<b>9 310</b>	<b>695 137</b>		<b>704 447</b>

#### b) Tax-driven amounts

None

## CURRENT ASSETS

### 11. Breakdown of inventories

	Gross amount	Impairment	Net amount	Net N-1
<b>Goods purchased for resale:</b>				
- New vehicles	40 358 318		40 358 318	25 134 709
- Company vehicles	9 323 523	463 357	8 860 166	9 362 967
- Second-hand vehicles	232 466	11 441	221 025	3 432 740
	49 914 307	474 798	49 439 509	37 930 416
- Spare parts and accessories	35 573 752	3 426 280	32 147 472	16 206 137
- Advertising materials etc.	612 441		612 441	351 883
<b>Total inventories</b>	<b>86 100 500</b>	<b>3 901 078</b>	<b>82 199 422</b>	<b>54 488 436</b>

### 12. Breakdown of receivables and payables by maturity

	Gross amount	≤ 1 year	> 1 year and ≤ 5 years	> 5 years
<b>A) RECEIVABLES</b>				
Non-current assets:				
- Guarantee deposits	172 170		172 170	
Current assets:				
- Trade receivables	59 185 352	59 185 352		
- Other receivables	55 519 010	55 519 010		
- Prepaid expenses	1 423 196	1 423 196		
<b>Total receivables</b>	<b>116 299 728</b>	<b>116 127 559</b>	<b>172 170</b>	
<b>B) PAYABLES</b>				
Trade payables	100 537 939	100 537 939		
Tax and payroll liabilities	22 511 227	22 511 227		
Other liabilities	65 674 375	65 674 375		
Deferred revenue	4 540 128	4 540 128		
<b>Total payables</b>	<b>193 263 669</b>	<b>193 263 669</b>		

### 13. Details of accrued expenses and accrued income

<b>A) ACCRUED EXPENSES</b>		
<b>I. TRADE PAYABLES</b>		
1. Accrued invoices - 3rd party suppliers	12 991 879	8 767 096
2. Accrued invoices - Group suppliers	276 795	141 175
<b>II. OTHER PAYABLES</b>		
1. Credit notes payable to 3rd party customers	64 837 613	52 842 427
2. Credit notes payable to related party customers	836 763	
<b>III. TAX AND PAYROLL LIABILITIES</b>		
1. Accrued holiday pay	615 839	546 020
2. Accrued profit-sharing bonus	388 123	654 308
3. Other payroll benefit accruals	814 119	405 940
4. Social contributions - accrued holiday pay	301 438	267 819
5. Other accrued social contributions	257 401	356 767
6. Accrued Organic sales tax	1 765 285	1 755 338
7. Accrued works committee funding	-2 423	86
8. Accrued apprenticeship tax	19 515	8 326
9. Accrued housing levy	32 173	30 758
10. Accrued training levy	13 191	12 320
11. Accrued advertising tax	12 300	18 750
12. Accrued TVTS tax	113 520	135 600
13. Accrued eco-contribution	38 514	30 933
14. Accrued CVAE and CFE taxes	389 839	78 532
15. Valued added tax	17 749 971	17 385 785
<b>B) ACCRUED INCOME</b>		
<b>I. TRADE RECEIVABLES</b>		
1. Accrued 3rd party income	5 868 724	3 764 383
2. Accrued intragroup income		
<b>II. OTHER RECEIVABLES</b>		
1. -		
2. Accrued Group current account interest		
3. Accrued 3rd party supplier rebates		

## **ADJUSTMENT ACCOUNTS**

### **14. Prepaid expenses and deferred income**

Prepaid expenses of €1,423,196 wholly comprised operating items including €103,754 of marketing expenses, €522,828 of rent and €796,614 of miscellaneous expenses.

Deferred income of €4,540,128 wholly comprised operating items including €496,002 of marketing income, €3,287,438 of undelivered vehicles and €756,688 of miscellaneous income.

## **RELATED PARTIES**

### **15. Related party receivables**

Related party receivables amounted to €50,256,196 including €15,612,061 of trade receivables and €34,644,135 of other receivables.

By “related parties” are meant all Jaguar and Land Rover entities with which Jaguar Land Rover France SAS concludes transactions. They do not include our dealer network since our dealers are not consolidated by our Group.

Jaguar Land Rover France SAS has a cash pooling agreement with other Group companies all of which provide funds to Land Rover UK. There is no risk of non-recovery. As at 31 March 2018 Jaguar Land Rover France SAS had a cash pooling balance of €31,137,320 in its favour.

Jaguar Land Rover France SAS has not undertaken any material related party transaction at other than arm's length conditions.

#### **16. Related party payables**

Related party payables amounted to €85,267,239 of which €84,430,476 in the form of trade payables (of which €276,795 of accruals) and €836,763 of accrued credit notes.

By "related parties" are meant all Jaguar and Land Rover entities with which Jaguar Land Rover France SAS concludes transactions. They do not include our dealer network since our dealers are not consolidated by our Group.

Jaguar Land Rover France SAS has not undertaken any material related party transaction at other than arm's length conditions.

### **ADDITIONAL INFORMATION IN RESPECT OF THE INCOME STATEMENT**

#### **17. Breakdown of net sales by activity**

	<b>2017/2018</b>	<b>2016/2017</b>
- Vehicles	624 362 083	649 719 249
- Spare parts	61 002 498	57 051 702
- Services	11 230 868	9 217 523
<b>Total France</b>	<b>696 595 449</b>	<b>715 988 473</b>
- Vehicles	16 715 821	22 235 271
- Spare parts	141 859 669	125 297 030
- Services	19 302 607	13 717 972
<b>Total Export</b>	<b>177 878 097</b>	<b>161 250 273</b>
<b>Grand total</b>	<b>874 473 546</b>	<b>877 238 745</b>

#### **18. Financial income and expense involving related parties**

The company had no financial expense involving related parties. It received €11,563 of related party financial income in 2017/18 and €5,198 in 2016/17.

#### **19. Exceptional income and expense**

	<b>Expense</b>	<b>Income</b>
Provisions for contingencies and losses (payroll costs)	295 000	
Costs of litigation	39 838	
Miscellaneous items	19 126	29 756
Gifts etc.	59 300	
Damage to vehicles	27 489	
Carrying amount of assets disposed of	5 590	
<b>Total</b>	<b>446 343</b>	<b>29 756</b>

#### **20. Reclassification of expenses**

Compensation for spare parts damaged in transit	58 063
Compensation for damaged vehicles	48 766
<b>Total</b>	<b>106 829</b>

## **21. Breakdown of average employees**

	2017/2018	2016/2017
Employees:		
- Managers	76	70
- Employees and technicians	4	4
- Apprentices	2	2
<b>Total</b>	<b>82</b>	<b>76</b>

Average employees have been computed on the basis of headcount at the end of each quarter.

## **22. Corporate income tax**

The corporate income tax charge amounted to €2,236,781 breaking down as follows:

	Total	Current items	Exceptional
- Basic rate corporate income tax	2 276 202		
- Social surcharge	49 936		
Sub-total	2 326 138	2 840 728	-142 119
- Competitiveness tax credit	-45 660		
- Family tax credit	-8 118		
- Corporate patronage tax credit	-35 580		
Sub-total	-89 358		
<b>Total</b>	<b>2 236 781</b>		

Competitiveness and corporate patronage tax credit was also received in 2016/17.

## **23. Secured liabilities (nil)**

## **24. Third party contingent assets and liabilities not including finance lease obligations**

<b>a) Commitments given</b>	
Commitments towards:	
- Colombes landlord	926 656
- Suppliers	19 297 518
<b>Total</b>	<b>20 224 173</b>
<b>b) Commitments received</b>	
Guarantees provided by dealers and authorised repairers	32 871 938
<b>Total</b>	<b>32 871 938</b>

By “related parties” are meant all Jaguar and Land Rover entities with which Jaguar Land Rover France SAS concludes transactions.

## **25. Finance lease obligations**

The company is not a party to any finance leases.

## **26. Deferred tax**

The company's deferred tax position was as follows:

	<b>Assets/ (liabilities) at 1/4/2017</b>	<b>Income/ (expense) for the year</b>	<b>Impact of tax rate changes</b>	<b>Assets/ (liabilities) at 31/3/2018</b>
Temporary differences	1 356 080	-1 723 387	-2 392	-369 699
<b>Total</b>	<b>1 356 080</b>	<b>-1 723 387</b>	<b>-2 392</b>	<b>-369 699</b>

The applicable effective tax rates amounted to 34.1174% at 31 March 2018 and 34.1777% at 31 March 2017.

## **27. Events after the reporting date (none)**

## **28. Impact of tax-driven items**

None

## **29. Identity of the consolidating entity**

The financial statements of Jaguar Land Rover France SAS are fully consolidated by Jaguar Land Rover Automotive Plc, registered under N° 06477691 and located in Banbury Road, Gaydon, Warwickshire, CV35 0RG, UK.