

Jaguar Land Rover Holdings Limited

Annual report and financial statements
For the year ended 31 March 2017

(Company registered number: 04019301)

Directors

A. P. Goss
K. D. M. Gregor
W. Stadler
Professor Dr R. D. Speth
N. M. Rogers
I. J. Harnett
H. Kirner

Company secretaries

S. L. Pearson
A. J. Beaton
R. M. A. Bielby

Registered office

Abbey Road
Whitley
Coventry
CV3 4LF

Independent auditor

Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
B1 2HZ
United Kingdom

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Strategic report

The directors present their Strategic report for Jaguar Land Rover Holdings Limited ('the company') for the year ended 31 March 2017.

Principal activity

The company's principal activity is to act as a holding company for investments in group companies.

Review of business and future developments

The company does not trade and therefore has no revenue. Interest of £2.6 million (2016: £0.3 million) was earned on finance receivables and dividends were received of £234.9 million (2016: £886.8 million) from the company's subsidiary undertakings. Expenses of £2.3 million (2016: £nil) were paid in the year for director services, strategic services and corporate administration services. Foreign exchange gain £4.7 million (2016: £nil) arose from translation of receivables in respect of dividends received in the year from subsidiaries..

There are no plans for any future developments in the company.

Key performance indicators

Given the principal activity of the company, the directors do not consider any key performance indicators to be relevant to the understanding of the financial performance or financial position of the company for both the current and prior financial year.

Principal risks and uncertainties

Given the principal activity of the company, the directors do not consider that the company has any principal risks and uncertainties.

Approved by the Board of Directors and signed on behalf of the Board of Directors by:

S. L. Pearson
Company secretary
10 August 2017

Registered Office:
Abbey Road
Whitley
Coventry
CV3 4LF

Directors' report

The directors present their report and the audited financial statements for company for the year ended 31 March 2017.

Results and dividends

The income statement shows a profit before tax for the financial year of £239.9 million (2016: £887.1 million).

A dividend of £450.0 million (2016: £150.0 million) was paid during the year. The amount paid included £150 million declared during the year ended 31 March 2016. The directors recommend that no further dividend should be proposed in respect of the financial results for the year ended 31 March 2017.

Going concern and post balance sheet events

The directors have considered the financial position of the company at 31 March 2017 (net assets of £5,063.6 million (2016: net assets of £5,139.2 million)) and the projected cash flows and financial performance of the company for at least 12 months from the date of approval of these financial statements and the directors believe it is appropriate to prepare these financial statements on a going concern basis.

Directors

The directors who held office during the year and subsequently to the date of this report unless otherwise stated are as follows:

A. P. Goss	N. M. Rogers (appointed 7 June 2016)
K. D. M. Gregor	I. J. Harnett (appointed 7 June 2016)
W. Stadler	W. K. Epple (resigned 31 May 2016)
Professor Dr R. D. Speth	P. Hodgkinson (resigned 7 June 2016)
H. Kirner (appointed 7 June 2016)	

Directors' indemnities

An intermediate parent, Jaguar Land Rover Automotive plc, maintained directors' liability insurance for all directors during the financial year.

Independent auditor

At the completion of its audit tenure (year ended 31 March 2017), Deloitte will stand down as auditor. A formal selection process has commenced to identify a successor auditor and a resolution to appoint will be proposed at the 2017 Tata Motors Limited Annual General Meeting.

Statement of disclosure of information to auditor

In the case of the persons who were directors at the time when the report is approved, under Section 418(2) of the Companies Act 2006, the following applies:

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

Approved by the Board of Directors and signed on behalf of the Board of Directors by:

S. L. Pearson
Company secretary
10 August 2017

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

Independent auditor's report to the members of Jaguar Land Rover Holdings Limited

We have audited the financial statements of Jaguar Land Rover Holdings Limited for the year ended 31 March 2017 which comprise the Income statement, the Balance sheet, the Statement of changes in equity, the Cash flow statement and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the members of Jaguar Land Rover Holdings Limited
(continued)**

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

Peter Gallimore FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, UK
10 August 2017

Income statement

	<i>Note</i>	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Finance income	4	237.5	887.1
Other expenses	5	(2.3)	-
Foreign exchange gain		4.7	-
		<hr/>	<hr/>
Profit before tax	5	239.9	887.1
Income tax expense	6	(15.5)	(39.0)
		<hr/>	<hr/>
Profit after tax		224.4	848.1
		<hr/> <hr/>	<hr/> <hr/>

There were no other gains or losses other than the results for both the current and prior financial year. Accordingly, no statement of comprehensive income has been presented.

Balance sheet

As at	<i>Note</i>	31 March 2017 £m	31 March 2016 £m
Non-current assets			
Investments	7	5,513.0	4,591.1
Total non-current assets		5,513.0	4,591.1
Current assets			
Finance receivables	8	-	698.1
Total current assets		-	698.1
Total assets		5,513.0	5,289.2
Current liabilities			
Finance liabilities	9	449.4	150.0
Total current liabilities		449.4	150.0
Total liabilities		449.4	150.0
Equity attributable to shareholders			
Ordinary shares	10	5.0	5.0
Reserves	11	5,058.6	5,134.2
Total equity attributable to shareholders		5,063.6	5,139.2
Total liabilities and equity		5,513.0	5,289.2

These financial statements were approved by the Board of Directors and authorised for issue on 10 August 2017 and were signed by:

K. D. M. Gregor
Director

Company registered number: 04019301

Statement of changes in equity

	<i>Note</i>	Ordinary share capital £m	Reserves £m	Total equity £m
Balance at 1 April 2016		5.0	5,134.2	5,139.2
Retained profit for the year		-	224.4	224.4
Total comprehensive income		-	224.4	224.4
Dividend paid	12	-	(300.0)	(300.0)
Balance at 31 March 2017		5.0	5,058.6	5,063.6

	<i>Note</i>	Ordinary share capital £m	Reserves £m	Total equity £m
Balance at 1 April 2015		5.0	4,586.1	4,591.1
Retained profit for the year		-	848.1	848.1
Total comprehensive income		-	848.1	848.1
Dividend paid	12	-	(150.0)	(150.0)
Dividend declared	12	-	(150.0)	(150.0)
Balance at 31 March 2016		5.0	5,134.2	5,139.2

Cash flow statement

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Cash flows generated from / (used in) operating activities		
Profit after tax	224.4	848.1
<i>Adjustments for:</i>		
Income tax expense	15.5	39.0
Interest income	(2.6)	(0.3)
Dividend income	(234.9)	(886.8)
Foreign exchange gain on dividend receivable	(4.7)	-
	<hr/>	<hr/>
Cash flows used in operations	(2.3)	-
Income tax paid	(15.5)	(39.0)
	<hr/>	<hr/>
Net cash used in operating activities	(17.8)	(39.0)
	<hr/>	<hr/>
Cash flows generated from / used in investing activities		
Increase in investment in subsidiary	(921.9)	-
Interest income received	2.6	0.3
Dividends received	239.6	886.8
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(679.7)	887.1
	<hr/>	<hr/>
Cash flows generated from/(used in) financing activities		
Dividend paid	(450.0)	(150.0)
Issue of loans to group undertakings	-	(698.1)
Repayment of loans by group undertakings	698.1	-
Proceeds from loans issued by group undertakings	676.1	-
Repayment of loans to group undertakings	(226.7)	-
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	697.5	(848.1)
	<hr/>	<hr/>
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
	<hr/>	<hr/>
Cash and cash equivalents at end of year	-	-
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

1 Background and operations

The company's principal activity is to act as a holding company for investments in group companies.

The company is incorporated and domiciled in the United Kingdom and has its registered office at Abbey Road, Whitley, Coventry, CV3 4LF. The company is an indirect subsidiary of Tata Motors Limited, India.

The financial statements have been prepared in Pound Sterling (GBP) which is considered to be the functional currency of the company and rounded to the nearest 0.1 million GBP (£m) unless otherwise stated.

2 Accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretation Committee interpretations as adopted by the European Union (EU) and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS.

The company is exempt from preparing consolidated group financial statements under Section 400 of the Companies Act 2006 and therefore these financial statements contain information about the company and not its group. The company is included in the consolidated financial statements of Jaguar Land Rover Automotive plc which are available from the company's registered office.

Basis of preparation

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Going concern

The directors have considered the financial position of the company at 31 March 2017, net assets of £5,063.6 million (2016: net assets of £5,139.2 million) and the projected cash flows and financial performance of the company for at least 12 months from the date of approval of these financial statements. The directors consider that the company has adequate resources to continue in operation as a going concern for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

Foreign currency

The company has a functional and presentation currency of GBP.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the income statement as 'Foreign exchange gain/losses'.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the company's financial statements are included in the following notes:

Note 7 Investments – the company applies judgement in determining the carrying value of its investments.

Income recognition

Finance income, including dividend income from subsidiary undertakings is recognised when receivable.

Income taxes

Income tax expense comprises current tax. Income tax expense is recognised in the income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity, whereby tax is also recognised outside of profit or loss).

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividend payable recognition

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Financial instruments

Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into categories: financial assets at fair value through profit or loss (which can either be held for trading or designated as fair value options), held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through profit or loss or classified as other financial liabilities. No financial instruments have been classified as held-to-maturity.

Financial instruments are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets and financial liabilities at fair value through profit or loss – held for trading: Derivatives, including embedded derivatives separated from the host contract, are classified into this category. Financial assets and liabilities are measured at fair value with changes in fair value recognised in the income statement with the exception of those derivatives which are designated as cash flow hedging instruments and for which hedge accounting is applied.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale. Subsequently, these are measured at amortised cost using the effective interest method less any impairment losses, if any. These include cash and cash equivalents, trade receivables, finance receivables and other financial assets.

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein are recognised in other comprehensive income, net of applicable deferred income taxes, and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. The company does not hold any available-for-sale financial assets.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

Equity instruments

An equity instrument is any contract that evidences residual interests in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

These are measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Determination of fair value

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. Subsequent to initial recognition, the company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires 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 rewards 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 are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired.

When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the income statement.

Impairment of financial assets

The company assesses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit or loss, or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers, significant financial difficulty of the customer or bankruptcy. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the income statement.

Equity investments: 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 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 and loss. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Notes to the financial statements (continued)

2 Accounting policies (continued)

New accounting pronouncements

The following IFRS pronouncements have been issued by the IASB and have not yet been adopted:

IAS 7 has been amended to require additional disclosure to help users evaluate changes in borrowings. The amendment is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The company expects to include a net debt reconciliation within its disclosures following the adoption of this amendment.

IFRS 7 additional disclosure requirements are being assessed and disclosure will be given as required when IFRS 9 is adopted by the company.

IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. The company has undertaken an assessment of classification and measurement and the company does not expect a significant impact on the financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. The company does not expect significant changes to the nature or extent of disclosures in respect of financial instruments.

IFRS 15 Revenue from Contracts with Customers provides a new comprehensive framework for revenue recognition and establishes new principles and the disclosure requirements thereof. The new standard specifies a uniform, five-step model for revenue recognition, which is to be applied to all contracts with customers. The new disclosure requirements aim to create a more transparent view of how a company generates its revenue and aims to provide more consistent and standardised information to users of financial statements about the nature, timing and amount arising from an entity's contracts with customers. Under IFRS 15 revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations (such as IFRIC 13 Customer Loyalty Programmes). The company does not expect a significant impact on the financial statements from IFRS 15.

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard replaces IAS 17 Leases and related interpretations (IFRIC-4, SIC-15, SIC-27). The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the adoption of IFRS 15. The company does not expect a significant impact on the financial statements from IFRS 16.

The company does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Notes to the financial statements (continued)

3 Employee costs and directors emoluments

The company did not have any employees other than the 7 directors (2016: 7 directors) in the current and prior year. Emoluments are paid by Jaguar Land Rover Limited, a subsidiary company.

Retirement benefits accruing to the directors are disclosed in the financial statements of Jaguar Land Rover Limited for the year ended 31 March 2017.

As explained in note 5, Jaguar Land Rover Limited makes a recharge to the company that includes £1.7 million (2016: £nil) for director services.

4 Finance income

	Year ended 31 March 2017	Year ended 31 March 2016
	£m	£m
Interest income received	2.6	0.3
Dividends received	234.9	886.8
	<hr/>	<hr/>
Total finance income	237.5	887.1
	<hr/> <hr/>	<hr/> <hr/>

5 Profit before tax

During the year Jaguar Land Rover Limited, a subsidiary company, made a recharge of £2.3 million (2016: £nil) to the company relating to director services, strategic services and corporate administration services. This amount has been included in 'other expenses' in the income statement.

Profit before tax also includes £4.7 million (2016: £nil) of foreign exchange gain on accrued finance income.

Auditor's remuneration is borne by Jaguar Land Rover Limited and in the current financial year £0.1 million has been recharged to the company for fees payable to the company's auditor for the audit of the annual financial statements (2016: £nil). The company incurred no non-audit fees in either the current or prior financial year.

Notes to the financial statements (continued)

6 Taxation

Recognised in the income statement

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Current income tax expense	15.5	39.0
Total income tax expense	15.5	39.0

Reconciliation of effective tax rate

	Year ended 31 March 2017 £m	Year ended 31 March 2016 £m
Profit after tax	224.4	848.1
Total income tax expense	15.5	39.0
Profit before tax	239.9	887.1
Tax using the company effective corporation tax rate of 20% (2016: 20%)	48.0	177.4
Dividend income not subject to taxation	-	(30.0)
Differences between UK and overseas tax rates	(32.5)	(108.4)
Total income tax expense	15.5	39.0

The company has no recognised deferred tax assets at 31 March 2017 or 31 March 2016.

The UK Finance Act 2015 was enacted on 18 November 2015 and included provisions for a reduction in the UK corporation tax rate from 20 per cent to 19 per cent with effect from 1 April 2017 and to 18 per cent with effect from 1 April 2020.

The UK Finance Act 2016 was enacted during the financial year and included provisions for a further reduction in the UK corporation tax rate to 17 per cent with effect from 1 April 2020.

Notes to the financial statements (continued)

7 Investments

Investments consist of the following:

	31 March 2017 £m	31 March 2016 £m
Unquoted equity investments at cost	5,513.0	4,591.1
Total investments	5,513.0	4,591.1

In the year ended 31 March 2017, the company acquired a further 921,853,063 £1 ordinary shares in Jaguar Land Rover Limited, increasing its investment by £921.9 million.

The company has the following direct and indirect investments in subsidiary undertakings as at 31 March 2017, each being a 100% interest in the ordinary share capital of the company:

Name of Company	Principal place of business and country of incorporation	Registered office address
Direct investments		
Jaguar Land Rover Limited	England & Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover (China) Investment Co., Ltd. <i>(formerly Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.)</i>	China	Room 713, 7F No.6 Jirong Road (Area C1, Plot 001), Shanghai, China Free Trade Zone
Jaguar Land Rover Limited Liability Company	Russia	28B, Building 2 Mezhdunarodnoe Shosse 141411, Moscow Russian Federation
Indirect investments		
Jaguar Land Rover North America, LLC.	USA	555 MacArthur Blvd., Mahwah, New Jersey 07430, USA
Jaguar Land Rover Deutschland GmbH	Germany	Am Kronberger Hang 2a, 65824 Schwalbach/Ts, Germany
Jaguar Land Rover Belux N.V.	Belgium	Generaal Lemanstraat 47, 2018 Antwerpen, Belgium
Jaguar Land Rover Austria GmbH	Austria	Siezenheimer Straße 39a, 5020 Salzburg Austria
Jaguar Land Rover Italia SpA	Italy	Via Alessandro Marchetti, 105 - 00148, Roma, Italy
Jaguar Land Rover Australia (Pty) Limited	Australia	65 Epping Road, North Ryde, New South Wales 2113, Australia

Notes to the financial statements (continued)

7 Investments (continued)

Name of Company	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Espana SL	Spain	Torre Picasso, Plaza Pablo Ruiz Picasso, 1 – Planta 42, 23020 Madrid, Spain
Jaguar Land Rover Nederland B.V.	Holland	PO Box 40, Stationsweg 8, 4153 RD Beesd, Netherlands
Jaguar Land Rover Portugal Veiculos e Pecas, Lda.	Portugal	Edificio Escritorios do Tejo, Rua do Polo Sul, Lote 1.10.1.1 – 3.º B-3, Parish of Santa Maria dos Olivais, Municipality of Lisboa, Portugal
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	China	Room E16, Floor 2, 477, Fute West 1st Road, Shanghai Free Trade Zone, PRC
Jaguar Land Rover Japan Limited	Japan	Garden City Shinagawa Gotenyama Bldg. 9F, 6-7-29 Kita-Shinagawa, Shinagawa-ku, Tokyo 141-0001, Japan
Jaguar Land Rover Korea Co. Ltd	Korea	25F West Mirae Asset Center 1 Building 67 Suha-dong, Jung-gu Seoul 100-210, Korea
Jaguar Land Rover Canada ULC	Canada	75 Courtneypark Drive West, Unit 3 Mississauga, ON L5W 0E3, Canada
Jaguar Land Rover France SAS	France	Z.A. Kleber – Batiment Ellington, 165 Boulevard de Valmy, 92706 Colombes, Cedex, France
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos Ltda.	Brazil	Avenida Ibirapuera 2.332, Torre I - 10º andar-Moema 04028-002, São Paulo-SP-Brazil
Jaguar Land Rover (South Africa) Holdings Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
Jaguar Land Rover (South Africa) (Pty) Ltd	South Africa	28 Victoria Link, Route 21 Corporate Park, Nellmapius Drive, Irene X30, Centurion, Tshwane, Gauteng, South Africa
Jaguar Land Rover India Limited	India	Nanavati Mahalaya, 3rd floor, 18, Homi Mody Street, Mumbai, Maharashtra, India 400001
Daimler Transport Vehicles Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
S.S. Cars Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
The Lanchester Motor Company Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England

Notes to the financial statements (continued)

7 Investments (continued)

Name of Company	Principal place of business and country of incorporation	Registered office address
The Daimler Motor Company Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
The Jaguar Collection Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
Jaguar Land Rover Pension Trustees Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
JLR Nominee Company Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
Jaguar Cars Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
Land Rover Exports Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
Land Rover Ireland Limited	Ireland	c/o LK Shields Solicitors 39/40 Upper Mount Street Dublin 2, Ireland
Jaguar Cars South Africa (Proprietary) Ltd	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184 South Africa
Jaguar Land Rover Slovakia s.r.o.	Slovakia	Vysoka 2/B, 811 06 Bratislava, Slovakia
Jaguar Land Rover Singapore Pte. Ltd	Singapore	138 Market Street, CapitaGreen Singapore
Jaguar Racing Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
InMotion Ventures Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
Jaguar Land Rover Colombia SAS	Colombia	CL 67735 OFE, 1204 Bogotan Cundinamarca 1 3192 900 Colombia
InMotion Ventures 1 Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
InMotion Ventures 2 Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England
InMotion Ventures 3 Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF England

Notes to the financial statements (continued)

7 Investments (continued)

The company made indirect investment in 100 per cent of the ordinary share capital of Jaguar Land Rover Colombia SAS, InMotion Ventures 1 Limited, InMotion Ventures 2 Limited and InMotion Ventures 3 Limited during the year ended 31 March 2017.

The company made indirect investments in 100 per cent of the ordinary share capital of Jaguar Land Rover Slovakia s.r.o., Jaguar Land Rover Singapore Pte – Ltd, Jaguar Racing Limited and InMotion Ventures Limited during the year ended 31 March 2016.

During the year ended 31 March 2017, two of the company's indirect investments; Silkplan Limited and Jaguar Daimler Heritage Trust Limited, which the company indirectly invested in during the year ended 31 March 2016, were dissolved.

In December 2016, the company received a net dividend of £67.3 million from its Russian subsidiary (2016: April 2015 net dividend of £38.6 million).

In December 2016, the company received a net dividend of £167.6 million from its Chinese subsidiary (2016: March 2016 net dividend of £659.2 million).

During the year ended 31 March 2017 the company received a dividend of £nil from Jaguar Land Rover Limited (2016: £150.0 million).

The company has the following indirect investments in joint ventures and trade investments at 31 March 2017:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity	Registered office address
Chery Jaguar Land Rover Automotive Co. Ltd	50.00%	China	Manufacture and assembly of vehicles	Room 1102, Binjiang International Plaza, No 88 Tonggang Road, Changshu Economic and Technical Development Zone, Suzhou City, Jiangsu Province, China
Spark44 (JV) Limited	50.00%	England & Wales	Provision of advertising services	Abbey Road, Whitley, Coventry CV3 4LF England
Jaguar Cars Finance Limited	49.90%	England & Wales	Non-trading	280 Bishopsgate, London, EC2M 4RB, England
CloudCar Inc.	42.60%	USA	Business and domestic software development	2191 E Bayshore Rd 200, Palo Alto, CA 94303, USA
Synaptiv Ltd	33.30%	England & Wales	Business and domestic software development	84 Kirkland Avenue, Ilford, Essex, England, IG5 0TN

During the year ended 31 March 2017, the company made indirect investments of £0.1 million in Splitting Fares Inc., £0.1 million in Sheprd Inc., £0.1 million in Gokid Corp. and £0.4 million in Parkt Inc.

The company is exempt from preparing consolidated financial statements (see note 2). The joint ventures and trade investments indirectly owned by the company are consolidated in the Jaguar Land Rover Automotive plc financial statements; a copy of which can be obtained from Abbey Road, Whitley, Coventry, CV3 4LF.

Notes to the financial statements (continued)

8 Finance receivables

Finance receivables primarily consist of loans, the details of which are as follows:

	31 March 2017	31 March 2016
	£m	£m
Total loan instalments to be received from group undertakings	-	698.1
Total	-	698.1
Falling due within one year	-	698.1

All finance receivables are loans and interest on loans to other group companies and no impairment has been recognised.

9 Finance liabilities

	31 March 2017	31 March 2016
	£m	£m
Amounts due to group undertakings	449.4	150.0
Total	449.4	150.0

Amounts due to group undertakings as at 31 March 2017 relate to a loan and interest on the loan from a subsidiary company. Amounts due to group undertakings as at 31 March 2016 relate to a £150 million dividend payable to Jaguar Land Rover Automotive plc, which was declared on 23 March 2016 and paid during the financial year ended 31 March 2017.

Notes to the financial statements (continued)

10 Share capital

	31 March 2017 £m	31 March 2016 £m
Allotted, called up and fully paid		
500,000,000 (2016: 500,000,000) ordinary shares of £0.01 each	5.0	5.0
	<hr/>	<hr/>
Share capital presented as equity	5.0	5.0
	<hr/> <hr/>	<hr/> <hr/>

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the company.

11 Reserves

The movement of reserves is as follows:

	Profit and loss reserve £m	Total reserves £m
Balance at 1 April 2016	5,134.2	5,134.2
Retained profit for the year	224.4	224.4
Dividend paid (note 12)	(300.0)	(300.0)
	<hr/>	<hr/>
Balance at 31 March 2017	5,058.6	5,058.6
	<hr/> <hr/>	<hr/> <hr/>

	Profit and loss reserve £m	Total reserves £m
Balance at 1 April 2015	4,586.1	4,586.1
Net income for the year	848.1	848.1
Dividend paid (note 12)	(150.0)	(150.0)
Dividend declared (note 12)	(150.0)	(150.0)
	<hr/>	<hr/>
Balance at 31 March 2016	5,134.2	5,134.2
	<hr/> <hr/>	<hr/> <hr/>

12 Dividends

During the year ended 31 March 2017, an ordinary share dividend of 90.00p per ordinary share of £0.01 totalling £450.0 million was paid (2016: 30.00p per ordinary share of £0.01 totalling £150.0 million). The amount paid included £150 million declared during the year ended 31 March 2016.

During the year ended 31 March 2017 no ordinary share dividend was declared (2016: £150 million). As at 31 March 2016 a liability for this dividend has been recognised within finance liability (see note 9).

Notes to the financial statements (continued)

13 Commitments and contingencies

Any litigations and claims against the company are considered to be the responsibility of Jaguar Land Rover Limited which settle these as appropriate.

14 Capital management

The company's objectives when managing capital are to ensure the going concern operation of it and its subsidiaries and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The capital structure and funding requirements are regularly monitored by the Board of Directors to ensure sufficient liquidity is maintained by the company. All debt issuance and capital distributions are approved by the Board of Directors.

The company has no external borrowings and is funded by equity, and if required, immediate parent company's loans.

The following table summarises the capital of the company:

	31 March 2017 £m	31 March 2016 £m
Short term finance liabilities	449.4	-
Total short term finance liabilities	449.4	-
Equity	5,063.6	5,139.2
Total capital	5,513.0	5,139.2

Notes to the financial statements (continued)

15 Financial instruments

This section gives an overview of the significance of financial instruments for the company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(A) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2017:

	Other financial liabilities Carrying value £m	Total financial liabilities Fair value £m
Current liabilities		
Finance liabilities	449.4	449.4
	<u> </u>	<u> </u>

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2016:

	Loans and receivables Carrying value £m	Total financial assets Fair value £m
Current assets		
Finance receivables	698.1	698.1
	<u> </u>	<u> </u>

	Other financial liabilities Carrying value £m	Total financial liabilities Fair value £m
Current liabilities		
Finance liabilities	150.0	150.0
	<u> </u>	<u> </u>

All financial liabilities are current liabilities that mature in less than one year.

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Notes to the financial statements (continued)

Financial instruments (continued)

(A) Financial assets and liabilities (continued)

- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels.

Fair values of financial liabilities are assumed to approximate to cost due to the short term maturing of the instruments and as the impact of discounting is not significant.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the company could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2017 have been measured as of the respective date. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period-end.

(B) FINANCIAL RISK MANAGEMENT

The company is currently exposed to foreign currency exchange risks. The company has a risk management framework in place which monitors this risk.

(C) FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have a potential impact on the income statement, the balance sheet, the statement of changes in equity and the cash flow statement, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective entities.

The foreign exchange gains arising in the period are due to translation of foreign currency dividends received. As at 31 March 2017 there is no net balance sheet exposure to foreign currency assets and liabilities (2016: no exposure).

16 Related party transactions

The company's related parties principally consist of Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited, which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The company's related party transactions principally consist of intercompany loans and dividends.

In the current financial year, the company received dividend income of £234.9 million (2016: £886.8 million) and finance income of £2.6 million (2016: £0.3 million) from related parties – see note 4.

During the current financial year, the company paid £2.3 million (2016: £nil) to Jaguar Land Rover Limited, a subsidiary company, for director services, strategic services and corporate administration services.

The company paid dividends totalling £450 million (2016: £150 million) to its immediate parent company, Jaguar Land Rover Automotive plc, and declared a further dividend of £nil (2016: £150 million) within the year.

A loan of £nil (2016: £698.1 million) is due from Jaguar Land Rover Limited, a subsidiary company, at 31 March 2017.

A loan of £449.4 million (2016: £nil) is due to Jaguar Land Rover Limited, a subsidiary company, at 31 March 2017.

Notes to the financial statements (continued)

17 Ultimate parent company and controlling party

The immediate parent undertaking is Jaguar Land Rover Automotive plc which is also the parent of the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the largest group to consolidate these financial statements.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai – 400001, India.