

Jaguar Racing Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number: 09983877

For the year ended 31 March 2020

Directors and Advisors

Directors

K. J. Benjamin
B. J. Carsley
G. E. Mauser
N. M. Rogers
Prof. Sir R. D. Speth

Company secretary

H. S. Cairns

Registered office

Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

Auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

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STRATEGIC REPORT

The directors present their Strategic Report for Jaguar Racing Limited ('the company' or 'Jaguar Racing') for the year ended 31 March 2020.

Principal activity

The company's principal activity during the period under review was the participation in the ABB FIA Formula E Championship ('Championship').

Business review

The strategic goal of the company is to support Jaguar Land Rover Limited's ('JLR') transition to be a leader in premium Battery Electric Vehicles ('BEVs') and showcase our credentials for innovation in the automotive industry. We strive to be the leading team in the FIA Formula E Championship helping to also write the next chapter of Jaguar's racing heritage and return racing to the DNA of the Jaguar brand. Jaguar's activities in Formula E also enable a real world test bed for electrification technologies providing opportunity for the transfer of technology and learnings from the race track to JLR's future battery electric vehicles.

The financial year under review covered the second half of Season 5 of the Championship, as well as the first five races of Season 6. The year saw Jaguar Racing achieve its first victories in Formula E, at the 2019 Rome E-Prix and the 2020 Mexico City E-Prix, with the victory in Rome representing Jaguar's first motorsport victory since 1991. In addition to this, 2nd place finishes in the 2019 Swiss E-Prix and 2019 New York City E-Prix as well as a 3rd place finish at the 2020 Santiago E-Prix meant that the team delivered on its objective of more points, podiums and wins.

At the balance sheet date, having completed five races of Season 6, the team sits 3rd in the Teams Championship standings, with one of its drivers, Mitch Evans, sitting 2nd in the Drivers' Championship standings.

Based on the calendar approved by the FIA prior to the start of the season, Jaguar Racing had planned to participate in the 2020 Sanya E-Prix prior to the year end, however due to the global Covid-19 pandemic this event, and several other events in the Season 6 calendar, were either postponed or cancelled. The company fully supports the decision made by the promoter to suspend the season as the health and wellbeing of our staff, drivers and fans is of paramount importance.

Such a race calendar suspension is unprecedented and the Jaguar Racing management team continue to make the appropriate decisions necessary to ensure that the team is able to return to competitive racing when conditions allow. As of the date of this report the calendar is due to recommence in August 2020 with six races over nine days to bring Season 6 to a conclusion.

Away from the track, Jaguar Racing has also continued to develop the foundations for a successful team on both the technical and commercial sides of the business looking both to the return to racing in Season 6 and onwards to Season 7.

Future developments

The company's objective continues to be to develop every aspect of the business to drive future success for the team. In order to achieve this objective the management team and directors will focus on ensuring the company continues to retain and attract the best drivers, engineers, commercial and support staff. We will also aim to ensure sufficient funding to the racing programme that will allow us to build a team and car that is capable of sustainable championship success in the future.

Jaguar Racing will also continue to explore further opportunities to establish JLR as a leader in premium Battery Electric Vehicles ('BEVs') and showcase our credentials for innovation in the automotive industry.

STRATEGIC REPORT (CONTINUED)

Key performance indicators

The key performance indicators (KPIs) used are set out below:

KPI	2020	2019	Commentary
Races entered (points finishes)	12 (9)	12 (10)	No change to races entered in the financial year. Points finishes fell by one due to a number of DNFs towards the end of Season 5. In Season 6 the team has claimed points in every race so far.
Team Championship points awarded per race	12.1	5.8	Race wins in Rome (Season 5) and Mexico City (Season 6), along with 2 nd place finishes in New York City and Bern (both Season 5), and a 3 rd place finish in Santiago (Season 6) resulted in more than double the points per race than the previous year.
Cost base – total of Racing Operating Costs, Other expenses and Depreciation and Amortisation	£13,424k	£9,652k	Costs continue to be closely managed in line with the directors' expectations.

The financial measures stated above are as per the statutory financial statements.

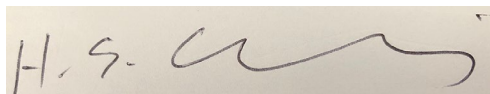
Principal risks and uncertainties

At the time of writing this report Formula E Operations Limited had confirmed the rescheduled Formula E calendar for Season 6. COVID-19 has had a wide economic impact ultimately resulting in a challenging environment for the wider automotive industry.

The company also recognizes that, following the United Kingdom's withdrawal from the European Union, negotiations and discussions are ongoing as we move towards the end of the transition period on 31 December 2020 and the impact to the company will continue to be monitored. However, there is currently little clarity on the outcome of those negotiations.

The key risks and uncertainties faced by the business are ensuring the continued positive development of the FIA Formula E championship to achieve its full potential and; control of the cost base to develop and run a competitive Formula E race car and team including staff recruitment and retention.

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



H. S. Cairns
Company Secretary
3 July 2020

Registered Address

Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

DIRECTORS' REPORT

The directors present their Directors' Report for Jaguar Racing Limited ('the company') for the year ended 31 March 2020.

Financial result

The income statement shows a profit after tax for the financial year of £383,000 (2019: £400,000).

Dividends

The directors do not propose a dividend for the year ended 31 March 2020 (2019: £nil).

Directors

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

K. J. Benjamin
B. J. Carsley
G. E. Mauser
N. M. Rogers
Prof. Sir R. D. Speth

Directors' indemnities

The company's intermediate parent, Jaguar Land Rover Automotive plc, maintained director's liability insurance for all directors during the financial year and subsequent to the year end.

Going concern

The directors have completed a going concern assessment for the Company for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through income from its intermediate parent company, Jaguar Land Rover Automotive PLC, to meet its liabilities as they fall due for that period.

The going concern assessment for the Company is dependent on Jaguar Land Rover Automotive PLC's ability to pay its debts to the Company as they fall due and to provide working capital funds as required throughout the next 12 months. See notes 16 and 18 for the breakdown of asset and liability positions with fellow group undertakings at 31 March 2020.

Jaguar Land Rover Automotive PLC has indicated its intention and ability to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The COVID-19 pandemic resulted in a Government imposed lockdown in March 2020 resulting in a sharp downturn in the automotive industry. Jaguar Land Rover Automotive PLC has adopted the going concern basis of preparation in its annual financial statements for the year ended 31 March 2020. The Company directors have challenged these forecasts and concluded that Jaguar Land Rover Automotive PLC have both the ability and intent to provide financial support to the company, even in a severe but plausible downside scenario.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Events subsequent to the financial year end

Prior to the financial year end, several Formula E race events were postponed or cancelled. However, as of the date of this report, it has been announced that the calendar is due to recommence in August 2020 with six races over nine days to bring Season 6 to a conclusion. There have been no other significant events affecting the company since the financial year end.

DIRECTORS' REPORT (CONTINUED)

Research and development activities

The company has not incurred research and development costs during the financial year (2019: £nil). Research and development activity in relation to the company's activities is undertaken by the immediate parent company alongside its broader research and development activity.

Independent auditor

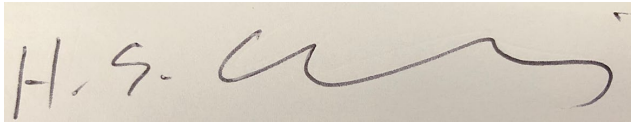
In accordance with Section 487 of the Companies Act 2006, the company has elected to dispense with laying financial statements before the general meeting, holding annual general meetings and the annual appointment of the auditor. With such an election in force the company's auditor shall be deemed to be re-appointed for each succeeding financial year in accordance with Section 485 of the Act.

Statement of disclosure of information to auditor

In the case of each of the persons who are directors at the time when the report is approved under Section 418 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 necessary actions 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 by:

A handwritten signature in dark ink on a light-colored background. The signature appears to be 'H. S. Cairns' with a stylized flourish at the end.

H. S. Cairns
Company Secretary
3 July 2020

Registered Address

Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR RACING LIMITED

Opinion

We have audited the financial statements of Jaguar Racing Limited ("the company") for the year ended 31 March 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR RACING LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Stuart Wood (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

06 July 2020

INCOME STATEMENT

Year ended 31 March (£ thousands)	Note	2020	2019
Revenue	3	13,962	10,220
Racing operating costs	4	(11,670)	(8,765)
Other expenses	7	(478)	(539)
Depreciation and amortisation	10, 11, 19	(1,276)	(348)
Finance expense (net)	8	(65)	(84)
Profit before tax		473	484
Income tax expense	9	(90)	(84)
Profit for the year		383	400

All the activities of the company are from continuing operations.

The notes on pages 12 to 31 form an integral part of these financial statements.

There were no other gains or losses other than the results for the current financial year. Accordingly, no Statement of Comprehensive Income has been presented.

BALANCE SHEET

As at 31 March (£ thousands)	Note	2020	2019
Non-current assets			
Property, plant and equipment	10	860	1,236
Intangible assets	11	1	30
Right-of-use assets	19	1,083	-
Deferred tax assets	12	39	5
Total non-current assets		1,983	1,271
Current assets			
Cash and cash equivalents	13	23	494
Inventories	14	1,719	1,601
Other current assets	15	443	896
Other financial assets	16	545	-
Total current assets		2,730	2,991
Total assets		4,713	4,262
Current liabilities			
Accounts payable	17	1,485	2,196
Other financial liabilities	18, 19	1,297	854
Total current liabilities		2,782	3,050
Non-current liabilities			
Other financial liabilities	18, 19	336	-
Total non-current liabilities		336	-
Total liabilities		3,118	3,050
Equity attributable to shareholders			
Ordinary share capital	20	-	-
Reserves		1,595	1,212
Equity attributable to shareholders		1,595	1,212
Total liabilities and equity		4,713	4,262

The notes on pages 12 to 31 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 3 July 2020. They were signed on its behalf by:



G.E. Mauser

Director

Company registered number: 09983877

STATEMENT OF CHANGES IN EQUITY

(£ thousands)	Ordinary Share Capital	Reserves	Total Equity
Balance at 31 March 2019	-	1,212	1,212
Profit for the year ended 31 March 2020	-	383	383
Total comprehensive income for the year	-	383	383
Balance at 31 March 2020	-	1,595	1,595

(£ thousands)	Ordinary Share Capital	Reserves	Total Equity
Balance at 31 March 2018	-	812	812
Profit for the year ended 31 March 2019	-	400	400
Total comprehensive income for the period	-	400	400
Balance at 31 March 2019	-	1,212	1,212

The notes on pages 12 to 31 form an integral part of these financial statements.

CASH FLOW STATEMENT

Year ended 31 March (£ thousands)	Notes	2020	2019
Cash flows generated from operating activities			
Profit for the period		383	400
Adjustments for:			
Depreciation and amortisation		1,276	348
Finance expense		65	84
Income tax expense		90	84
Foreign exchange loss		226	-
Cash flows from operating activities before changes in assets and liabilities		2,040	916
Decrease in trade receivables		-	1,083
Decrease in other current assets		453	643
Decrease in other financial assets		78	320
Increase in inventories		(118)	(1,076)
Decrease in accounts payable		(711)	(713)
Decrease in other financial liabilities		(1,265)	(89)
Net cash generated from operating activities		477	1,084
Cash flows generated from/(used in) investing activities			
Purchases of property, plant and equipment		(90)	(958)
Interest received		15	-
Net cash used in investing activities		(75)	(958)
Cash flows generated from/(used in) financing activities			
Cash payment for interest expense related to lease liabilities		(54)	-
Cash payments for the principle portion of lease liabilities		(819)	-
Net cash used in financing activities		(873)	-
Net change in cash and cash equivalents		(471)	126
Cash and cash equivalents at beginning of year/period	13	494	368
Cash and cash equivalents at the end of the year/period		23	494

The notes on pages 12 to 31 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

The company is an indirect subsidiary of Tata Motors Limited, India ('Tata Motors Limited'). The company's principal activity during the year was participation in the ABB FIA Formula E Championship.

The company is a private limited company incorporated and domiciled in England and Wales. The address of its registered office is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom.

These financial statements have been prepared in GBP and rounded to the nearest thousand GBP (£ thousand) unless otherwise stated.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

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 completed a going concern assessment for the Company for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through income from its intermediate parent company, Jaguar Land Rover Automotive PLC, to meet its liabilities as they fall due for that period.

The going concern assessment for the Company is dependent on Jaguar Land Rover Automotive PLC's ability to pay its debts to the Company as they fall due and to provide working capital funds as required throughout the next 12 months. See notes 16 and 18 for the breakdown of asset and liability positions with fellow group undertakings at 31 March 2020.

Jaguar Land Rover Automotive PLC has indicated its intention and ability to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The COVID 19 pandemic resulted in a Government imposed lockdown in March 2020 resulting in a sharp downturn in the automotive industry. Jaguar Land Rover Automotive PLC has adopted the going concern basis of preparation in its annual financial statements for the year ended 31 March 2020. The Company directors have challenged these forecasts and concluded that Jaguar Land Rover Automotive PLC have both the ability and intent to provide financial support to the company, even in a severe but plausible downside scenario.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In the process of applying the company's accounting policies, management has made no judgements that have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue comprises the consideration earned by the company in respect of the output of its ordinary activities, which include participation in the Championship as well as promotion of the Jaguar and Land Rover brands. It is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates, and sales incentives. In respect of Championship prize money received, the company's revenue is presented net of contractual amounts attributable to its drivers and race partners.

The company considers its primary customers to be FEO (with regards to Championship prize money) and its immediate parent company (in respect of brand promotional services). The company recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

With regards to prize money, as a form of variable consideration, the company recognises revenue at the point that it is guaranteed in accordance with the rules of the Championship. The company considers this to be consistent with the point at which uncertainty relating to the revenue earned is considered sufficiently resolved for it to be highly probable that a significant reversal of revenue will not occur. Payment terms in respect of prize money are 30 days with FEO. Revenue from the provision of services is recognised on a straight-line basis over the period in which the company performs its obligations under the contract, and is managed on a regular periodic basis as agreed with the immediate parent company

All revenue originates in the United Kingdom. The directors do not consider there to be more than one operating segment or geographical segment, therefore no further analysis of results is presented.

COST RECOGNITION

Costs and expenses are recognised when incurred and are classified according to their nature in the income statement.

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 remeasured 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 or loss' when applicable.

INCOME TAXES

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the income statement, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity, whereby tax is also recognised outside profit or loss), or where related to the initial accounting for a business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

FIXED ASSETS

Property, plant and equipment

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any.

Cost includes purchase price, non-recoverable taxes and duties, labour cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Assets classified as plant & machinery, race vehicles & pit equipment are presented as plant & equipment assets in the notes to the accounts.

Depreciation is recognised on a straight-line basis over the estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

Class of property, plant and equipment	Estimated useful life (years)
Plant and Equipment	2 to 6

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets

Intangible assets are stated at cost of acquisition or development less accumulated amortisation and less accumulated impairment, if any.

Cost includes purchase price, non-recoverable taxes and duties, labour cost and direct overheads for self-developed intangible assets and other direct costs incurred up to the date the intangible asset is ready for its intended use.

Amortisation is recognised on a straight-line basis over the estimated useful lives of the intangible asset. Estimated useful lives of the intangible assets are as follows:

Class of intangible assets	Estimated useful life (years)
Software	3 to 6

Amortisation methods, useful lives and residual value are reviewed at each balance sheet date.

IMPAIRMENT

Fixed assets

At each balance sheet date, the company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment indicator exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT (CONTINUED)

The estimated recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with an original maturity of up to three months that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

LEASES

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purposes it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company associates the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

This policy is applied to all contracts entered into, or changed, on or after 1 April 2019.

The comparative information for the year ending 31 March 2019 continues to be accounted for under the Group's previous lease accounting policies under IAS 17 *Leases*. Under IAS 17, assets leased under operating leases are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease in 'Other expenses'.

FINANCIAL INSTRUMENTS

Recognition & derecognition

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

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. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings.

Financial assets are written off when there is no reasonable expectation of recovery. The company reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or has expired.

Initial measurement

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. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

Classification & measurement – financial assets

Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The company reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories:

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows. Subsequently, these are measured at amortised cost using the effective interest method less impairment losses, if any. These include cash and cash equivalents, finance receivables and other financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest.

Classification & measurement – other financial liabilities

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

Impairment

The company recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those where credit risk has increased significantly since initial recognition.

The company adopts the simplified approach permitted in IFRS 9 to apply lifetime expected credit losses to trade receivables and contract assets. Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

Credit risk has increased significantly when the probability of default has increased significantly. Such increases are relative and assessment includes external ratings (where available) or other information such as past due payments. Historic data and forward looking information are also considered. Objective evidence for a significant increase in credit risk may include where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability weighted amount, takes into account the time value of money (values are discounted back using the applicable effective interest rate) and uses reasonable and supportable information.

NEW ACCOUNTING PRONOUNCEMENTS

(a) Standards, revisions, and amendments to standards and interpretations significant to Jaguar Racing Limited, and applied for the first time in the fiscal year ending 31 March 2020:

IFRS 16 *Leases* is effective for the year beginning 1 April 2019 for the Company. This standard replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of the Transactions Involving the Legal Form of a Lease* interpretations. Under IFRS 16, lessee accounting is based on a single model, resulting from the elimination of the distinction between operating and finance leases. All leases will be recognised on the balance sheet with a right-of-use asset capitalised and depreciated over the estimated lease term together with a corresponding liability that will reduce over the same period with an appropriate interest charge recognised.

The Company has elected to apply the exemptions for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term or another systematic basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The Company is applying the modified retrospective approach on transition under which the comparative financial statements will not be restated. The details of the changes in accounting policies are disclosed below.

The Company has elected to use the following practical expedients at transition permitted by the Standard:

- On initial application, IFRS 16 has only been applied to contracts that were previously classified as leases under IFRIC 4;
- Regardless of the original lease term, lease arrangements with a remaining duration of less than 12 months will continue to be expensed to the Income Statement on a straight line basis over the lease term;
- Short-term and low value leases will be exempt;
- The lease term has been determined with the use of hindsight where the contract contains options to extend or terminate the lease;
- The discount rate applied as at transition date is the incremental borrowing rate corresponding to the remaining lease term;
- The measurement of a right-of-use asset excludes the initial direct costs at the date of initial application.

The impact of the first-time application of IFRS 16 as at 1 April 2019 is the recognition of right of-use assets of £1,864,000 and lease liabilities of £1,864,000.

When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 4.9%.

	(£ thousands)
Financial obligations for operating leases at 31 March 2019	2,025
Gross lease liabilities for former operating leases at 1 April 2019	2,025
Discounting impact	(161)
Lease liabilities for former operating leases at 1 April 2019	1,864
Total lease liabilities at 1 April 2019	1,864

The opening right-of-use asset by class of underlying assets is disclosed in Note 19.

(b) Standards, revisions and amendments to standards and interpretations not significant to the Company and applied for the first time in the year ending 31 March 2020

The following amendments and interpretations have been adopted by the Company in the year ending 31 March 2020.

- IFRIC 23 *Uncertainty over income tax treatments*;
- Amendments to IFRS 9 *Financial Instruments* – Prepayment features with negative compensation;
- Amendments to IAS 19 *Employee Benefits* – Plan amendment, curtailment or settlement;
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* – Long-term interests in associates and joint ventures; and
- Annual improvements to IFRS standards 2015-2017 cycle.

The adoption of these amendments and interpretations has not had a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

(c) Standards, revisions and amendments to standards and interpretations not yet effective and not yet adopted by the Company

The following pronouncements, issued by the IASB and endorsed by the EU, are not yet effective and have not yet been adopted by the Company. These amendments are effective for annual reporting periods beginning on or after 1 January 2020. The Company is currently assessing the impact of these pronouncements on the financial statements.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* – Interest rate benchmark reform;
- Amendments to IFRS 3 *Business Combinations* – Definition of a business;
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of material; and
- Amendments to references to the conceptual framework in IFRS standards.

(d) Standards, revisions and amendments to standards and interpretations not yet endorsed by the EU and not yet adopted by the Company

The following pronouncements, issued by the IASB, have not yet been endorsed by the EU, are not yet effective and have not yet been adopted by the Company. The Company is currently assessing the impact of these pronouncements on the financial statements.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Presentation of Financial Statements* – Classification of liabilities as current or non-current;
- Amendments to IFRS 3 *Business Combinations* – Reference to the conceptual framework;
- Amendments to IAS 16 *Property, Plant and Equipment* – Proceeds before intended use;
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* – Onerous contracts - cost of fulfilling a contract;
- Amendments to IFRS 16 *Leases* – Covid-19-related rent concessions; and
- Annual improvements to IFRS standards 2018-2020 cycle.

3 REVENUE

Year ended 31 March (£ thousands)	2020	2019
Revenue from provision of services	13,962	10,220
Total revenue	13,962	10,220

4 RACING OPERATING COSTS

Year ended 31 March (£ thousands)	2020	2019
Race operating expenses	11,175	8,362
Race logistics costs	495	403
Total race operating costs	11,670	8,765

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 EMPLOYEE COSTS AND DIRECTORS' EMOLUMENTS

The company did not have any employees other than the directors in the current or prior financial year.

For the year ended 31 March 2020, with the exception of one director, none of the directors received remuneration for their qualifying services specifically to the company. Emoluments for this period are paid by the immediate parent company (Jaguar Land Rover Limited).

One director received remuneration relating to his qualifying service as a director of the company totalling £183,131 (2019: £201,057).

Retirement benefits accruing to the directors are included in the financial statements of Jaguar Land Rover Limited for the year ended 31 March 2020.

6 PROFIT BEFORE TAX

Auditor's remuneration for the current and prior financial years is borne by the immediate parent company, Jaguar Land Rover Limited, and is not recharged. The company's allocation for fees payable to the company's auditor for the audit of the annual financial statements is £15,000 (2019: £15,000). The company incurred no non-audit fees in either the current or prior financial year.

7 OTHER EXPENSES

Year ended 31 March 2020 (£ thousands)	2020	2019
Works, operations and other costs	252	519
Foreign exchange loss	226	20
Total other expenses	478	539

8 FINANCE INCOME AND EXPENSE

Year ended 31 March (£ thousands)	2020	2019
Finance income	15	-
Finance expense on financial liabilities measured at amortised cost	(80)	(84)
Total net finance expense	(65)	(84)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TAXATION

Recognised in the income statement

Year ended 31 March (£ thousands)	2020	2019
Current tax expense	147	99
Prior period adjustment	(23)	(10)
Deferred tax	(57)	(5)
Deferred tax prior period adjustment	23	-
Total income tax expense	90	84

Reconciliation of effective tax rate

Year ended 31 March (£ thousands)	2020	2019
Profit for the year	383	400
Total income tax expense	90	84
Profit before tax	473	484
Income tax at 19% (2019: 19%)	90	92
Prior period adjustment	-	(8)
Total income tax expense	90	84

The company had a deferred tax asset of £39,000 at 31 March 2020 (2019: £5,000).

The UK Finance Act 2016 was enacted during the year ended 31 March 2017, which included provisions for a reduction in the UK corporation tax rate to 17 per cent with effect from 1 April 2020.

Subsequently a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 per cent, rather than the previously enacted reduction to 17 per cent.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March (£ thousands)	Plant and equipment	Total
Cost		
Balance at 1 April 2018	834	834
Additions	958	958
Balance at 31 March 2019	1,792	1,792
Additions	90	90
Balance at 31 March 2020	1,882	1,882
Accumulated depreciation		
Balance at 1 April 2018	241	241
Depreciation charge for the year	315	315
Balance at 31 March 2019	556	556
Depreciation charge for the year	466	466
Balance at 31 March 2020	1,022	1,022
Net book value		
At 31 March 2020	860	860
At 31 March 2019	1,236	1,236

11 INTANGIBLE ASSETS

Year ended 31 March (£ thousands)	Software	Total
Cost		
Balance at 1 April 2018	120	120
Additions	-	-
Balance at 31 March 2019	120	120
Additions	-	-
Balance at 31 March 2020	120	120
Accumulated amortisation		
Balance at 1 April 2018	57	57
Amortisation charge for the period	33	33
Balance at 31 March 2019	90	90
Amortisation charge for the year	29	29
Balance at 31 March 2020	119	119
Net book value		
At 31 March 2020	1	1
At 31 March 2019	30	30

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 DEFERRED TAX ASSETS

Components of the deferred tax asset are as follows:

(£ thousands)	Balance at 31 March 2019	Recognised in profit or loss	Balance at 31 March 2020
Deferred tax assets			
Property, plant & equipment	5	34	39
Total deferred tax asset	5	34	39

(£ thousands)	Balance at 31 March 2018	Recognised in profit or loss	Balance at 31 March 2019
Deferred tax assets			
Property, plant & equipment	-	5	5
Total deferred tax asset	-	5	5

All deferred tax assets are presented as non-current assets.

13 CASH AND CASH EQUIVALENTS

As at 31 March (£ thousands)	2020	2019
Cash and cash equivalents	23	494
Total cash and cash equivalents	23	494

14 INVENTORIES

As at 31 March (£ thousands)	2020	2019
Raw materials and consumables	1,719	1,601
Total inventories	1,719	1,601

During the financial year, the company did not write-down any inventory.

15 OTHER CURRENT ASSETS

As at 31 March (£ thousands)	2020	2019
Prepaid expenses	137	681
Recoverable VAT	306	215
Total other current assets	443	896

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 OTHER CURRENT FINANCIAL ASSETS

As at 31 March (£ thousands)	2020	2019
Amounts owed by Group undertakings	545	-
Total other current financial assets	545	-

Amounts owed by Group undertakings are unsecured, subject to a interest rate based on ICE LIBOR GBP 1 month rate + 0.85% and are repayable on demand.

17 ACCOUNTS PAYABLE

As at 31 March (£ thousands)	2020	2019
Trade payables	1,276	1,036
Liabilities for expenses	209	1,160
Total accounts payable	1,485	2,196

18 OTHER FINANCIAL LIABILITIES

As at 31 March (£ thousands)	2020	2019
Amounts owed to Group undertakings	-	486
Group tax relief offset	486	362
Current lease obligations	807	-
Interest accrued	4	6
Total other current financial liabilities	1,297	854
Non-current lease obligations	336	-
Total other non-current financial liabilities	336	-

Amounts owed to Group undertakings are unsecured, subject to a interest rate based on ICE LIBOR GBP 1 month rate + 0.85% and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 LEASES

Leases as a lessee

Information about leases for which the Company is a lessee is presented below:

Right-of-use assets

As at 31 March (£ thousands)	Land and buildings	Property, plant and equipment	Total
Opening balance at 1 April 2019	210	1,654	1,864
Depreciation charge for the year	(65)	(716)	(781)
Closing balance at 31 March 2020	145	938	1,083

Additions to the right-of-use assets during the year ended 31 March 2020 were nil.

Lease liabilities

The maturity analysis of the contractual undiscounted cash flows are as follows:

As at 31 March (£ thousands)	2020
Less than one year	826
Between one and five years	337
Total undiscounted lease liabilities	1,163

In addition to the right-of-use assets above, the following amounts are recognised in the Balance Sheet as at 31 March 2020:

As at 31 March (£ thousands)	2020
Current lease liabilities	807
Non-current lease liabilities	336
Total lease liabilities	1,143

The following amounts are recognised in the Income Statement for the year ended 31 March 2020:

As at 31 March (£ thousands)	2020
Interest expense on lease liabilities	54

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 LEASES (CONTINUED)

The following amounts are recognised in the Statement of Cash Flows for the year ended 31 March 2020:

As at 31 March (£ thousands)	2020
Cash payments for the principal portion of lease liabilities (within financing activities)	819
Cash payment for interest expense related to lease liabilities (within financing activities)	54
Total cash outflow for leases	873

The Company has applied IFRS 16 from 1 April 2019 using the modified retrospective method, meaning the comparative information for the year ending 31 March 2019 has not been restated. As a result, the comparative information provided for the fiscal period below continues to be accounted for in accordance with the Company's previous lease accounting policy under IAS 17 *Leases*.

Leases as a lessee under IAS 17

Non-cancellable operating lease rentals are disclosed as follow as follows:

As at 31 March (£ thousands)	2019
Less than one year	668
Between one and five years	1,356
Total lease payments	2,024

The total operating lease charge recognised in the income statement in the year ended 31 March 2019 was £655,000.

20 SHARE CAPITAL

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.

As at 31 March	2020	2019
Allotted, called up and fully paid		
1.00 (2019: 1.00) ordinary share of £1	1	1
Share capital presented as equity	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 COMMITMENTS AND CONTINGENCIES

Commitment and contingencies includes contingent liabilities of £1.1m (2019: £nil). The timings of any outflow will vary as and when the future events occur.

22 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 shows the carrying amount and fair value of each category of financial assets and financial liabilities as at 31 March 2020:

Financial assets			
(£ thousands)	Amortised cost	Total carrying value	Total fair value
Cash and cash equivalents	23	23	23
Other financial assets	545	545	545
Total financial assets	568	568	568

Financial liabilities			
(£ thousands)	Other financial liabilities	Total carrying value	Total fair value
Accounts payable	1,485	1,485	1,485
Other financial liabilities	1,633	1,633	1,633
Total financial liabilities	3,118	3,118	3,118

The following table shows the carrying amount and fair value of each category of financial assets and financial liabilities as at 31 March 2019:

Financial assets			
(£ thousands)	Amortised cost	Total carrying value	Total fair value
Cash and cash equivalents	494	494	494
Total financial assets	494	494	494

Financial liabilities			
(£ thousands)	Other financial liabilities	Total carrying value	Total fair value
Accounts payable	2,196	2,196	2,196
Other financial liabilities	854	854	854
Total financial liabilities	3,050	3,050	3,050

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 FINANCIAL INSTRUMENTS (CONTINUED)

b) Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have a potential impact on the income statement, the statement of comprehensive income, 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 company.

Considering the countries and economic environment in which the company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in the Euro against the functional currency of the company (GBP).

The following table sets forth information relating to foreign currency exposure as at 31 March 2020:

As at 31 March 2020 (£ thousand)	Euro	Total
Financial liabilities	(209)	(209)
Net exposure liabilities	(209)	(209)
10% appreciation/depreciation of the currency would result in additional (loss)/gain:		
In the income statement	(21)/21	(21)/21

The following table sets forth information relating to foreign currency expose as at 31 March 2019:

As at 31 March 2019 (£ thousand)	Euro	Total
Financial liabilities	(1,143)	(1,143)
Net exposure liabilities	(1,143)	(1,143)
10% appreciation/depreciation of the currency would result in additional (loss)/gain:		
In the income statement	(114)/114	(114)/114

c) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the company. The company is funded via amounts from the immediate parent company which are based on the ICE LIBOR GBP 1 month rate and are therefore variable in nature. The funding position for the company is managed and monitored through central oversight at a consolidated group level.

As at 31 March 2020, there were no short-term borrowings (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 FINANCIAL INSTRUMENTS (CONTINUED)

d) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and borrowings from Group undertakings to meet the company's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2020 (£ thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Amounts owed to Group undertakings	490	490	490	-	-	-
Trade payables	1,276	1,276	1,276	-	-	-
Liabilities for expenses	209	209	209	-	-	-
Total contractual maturities	1,975	1,975	1,975	-	-	-

As at 31 March 2019 (£ thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Amounts owed to Group undertakings	854	854	854	-	-	-
Trade payables	1,036	1,036	1,036	-	-	-
Liabilities for expenses	1,160	1,160	1,160	-	-	-
Total contractual maturities	3,050	3,050	3,050	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 FINANCIAL INSTRUMENTS (CONTINUED)

e) Credit risk

The majority of the company's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The company has an exposure to counterparties on its intercompany receivables, which are due from its immediate parent company. The company has considered the recoverability of these receivables and any associated expected credit loss based on the ability of the immediate parent company to settle those amounts due if required. The company considers that no impairment of these receivables is necessary.

None of the financial instruments of the company result in material concentrations of credit risks.

23 CAPITAL MANAGEMENT

The company's objectives when managing capital are to ensure its going concern operation 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 loans from the immediate parent company.

24 RELATED PARTY TRANSACTIONS

The company's related parties principally consist of Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Limited (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The company routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures.

The following is a summary of related party transactions and balances not eliminated in the company financial statements. All related party transactions are conducted under normal terms of business. All amounts outstanding are unsecured and will be settled in cash.

- £13,889,000 (2019: £10,167,000) of revenue for services in note 3 was for services provided to the immediate parent company.
- The receivable amounts of £545,000 (2019: £nil) are due from the immediate parent company. See note 16.
- The payable amounts of £488,700 (2019: £852,500) are due to the immediate parent company and payable amounts of £1,300 (2019: £1,500) are due to other Group companies. See note 18.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 IMMEDIATE AND ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is Jaguar Land Rover Limited and 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. The smallest group which consolidates these financial statements is Jaguar Land Rover Automotive plc.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from Jaguar Racing the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai – 400001, India. Copies of the Jaguar Land Rover Automotive plc consolidated financial statements can be obtained from the company's registered office.