

# **Jaguar Racing Limited**

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number: 09983877

For the year ended 31 March 2019

## **Directors and Advisors**

### **Directors**

K. J. Benjamin  
B. J. Carsley  
G. E. Mauser  
N. M. Rogers  
Prof. Dr. 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

## CONTENTS

STRATEGIC REPORT	1
DIRECTORS' REPORT	3
DIRECTORS' RESPONSIBILITIES STATEMENT	5
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR RACING LIMITED	6
INCOME STATEMENT	8
BALANCE SHEET	9
STATEMENT OF CHANGES IN EQUITY	10
CASH FLOW STATEMENT	11
NOTES TO THE FINANCIAL STATEMENTS	12

## STRATEGIC REPORT

The directors present their Strategic Report for Jaguar Racing Limited ('the company' or 'Jaguar Racing') for the year ended 31 March 2019.

### 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

As part of our mission to #RACETOINNOVATE, the strategic goal of the company is to establish Jaguar Land Rover Limited ('JLR') as a leader in premium Battery Electric Vehicles ('BEVs') and showcase our credentials for innovation in the automotive industry. Jaguar's activities in Formula E are also 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 4 of the Championship, as well as the first six races of Season 5. The team achieved its goal in Season 4 of regularly competing for points and ended the season as the most improved team, scoring their first podium in Hong Kong in March 2018 and pole position in the Zurich e-prix in June 2018.

Season 5 saw the introduction of the new *Generation 2* ('Gen 2') car to the Championship which included a new chassis and improved battery technology, allowing all teams to drop the mandatory mid-race car swap. Along with a change in the race format from a pre-determined number of laps to a timed race of 45 minutes plus one lap, this has led to an unprecedented level of competition and unpredictability with six different drivers from six different teams winning the six races of Season 5 which fell in the financial year.

Despite this unpredictability, in Mitch Evans, the team had one of only two drivers in the Championship to score points from each of the first six races of the season meaning that at the balance sheet date the team was 8<sup>th</sup> in the Championship.

Prior to the year end, the team announced a change to its driver line up with Alex Lynn joining the team to race alongside Mitch Evans. This followed the announcement that the team and Nelson Piquet Jr had mutually agreed to part ways.

At the first race after the balance sheet date, in Rome, the team and Mitch Evans, won their first ABB FIA Formula E e-prix, taking maximum points.

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.

Jaguar Racing's involvement in the Championship also helped enable the launch of the Jaguar I-Pace eTROPHY race series, the world's first international race series for a production battery electric vehicle, which commenced in Season 5 as the main support series to the Championship. The Jaguar I-PACE eTROPHY car was designed, engineered and manufactured by JLR's Special Operations division and is based on the World Car of the Year I-PACE production vehicle. This key development furthers the achievement of the company's strategic objective.

### 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	2019	2018	Commentary
<b>Races entered</b> (both cars finished)	12 (10)	15 (12)	The team entered fewer races in FY19 due to changes in the Championship calendar but slightly increased the proportion of races at which points finishes were achieved.
<b>Team Championship points awarded</b>			The team entered three fewer races in FY19 with points achieved being lower as a result. In addition to this, retirements in some of the race events resulted in a lower points per race figure compared to FY18.
- Season 5 (4)	37	86	
- Season 4 (3)	33	27	
<b>Cost base</b> – total of Racing Operating Costs, Other expenses and Depreciation and Amortisation	£9,652k	£9,094k	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

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

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



H. S. Cairns  
Company Secretary

9 July 2019

### 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 2019.

### **Financial result**

The income statement shows a profit after tax for the financial year of £400,000 (2018: £411,000).

### **Dividends**

The directors do not propose a dividend for the year ended 31 March 2019 (2018: £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. Dr. 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 financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 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 funding from Jaguar Land Rover Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Jaguar Land Rover Limited not seeking repayment of the amounts currently due to the group, which at 31 March 2019 amounted to £854,000, and providing additional financial support during that period. Jaguar Land Rover Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, 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.

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.

### **Research and development activities**

The company has not incurred research and development costs during the financial year (2018: £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.

## DIRECTORS' REPORT (CONTINUED)

### Independent auditor

During the year, KPMG LLP was appointed as the company's 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:



H. S. Cairns  
Company Secretary  
9 July 2019

### 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 for the year ended 31 March 2019 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 2019 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.

### **The impact of uncertainties due to the UK exiting the European Union on our audit**

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of certain assets and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **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 company's business model, including the impact of Brexit, 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.

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

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.

### 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.

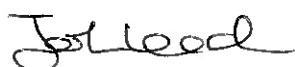
### Auditor's responsibilities

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](http://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.



**John Leech (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Birmingham, United Kingdom

9 July 2019

## INCOME STATEMENT

Year ended 31 March (£ thousands)	Note	2019	2018
Revenue	3	10,220	9,641
Racing operating costs	4	(8,765)	(7,820)
Other expenses	7	(539)	(1,145)
Depreciation and amortisation	10, 11	(348)	(129)
Finance expense (net)	8	(84)	(27)
<b>Profit before tax</b>		<b>484</b>	<b>520</b>
Income tax expense	9	(84)	(109)
<b>Profit for the year</b>		<b>400</b>	<b>411</b>

All the activities of the company are from continuing operations.

The notes on pages 12 to 30 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	2019	2018
<b>Non-current assets</b>			
Property, plant and equipment	10	1,236	593
Intangible assets	11	30	63
Deferred tax assets	12	5	-
<b>Total non-current assets</b>		<b>1,271</b>	<b>656</b>
<b>Current assets</b>			
Cash and cash equivalents	13	494	368
Trade receivables	14	-	1,083
Inventories	15	1,601	525
Other current assets	16	896	1,539
Other financial assets	17	-	22,681
<b>Total current assets</b>		<b>2,991</b>	<b>26,196</b>
<b>Total assets</b>		<b>4,262</b>	<b>26,852</b>
<b>Current liabilities</b>			
Accounts payable	18	2,196	2,909
Other financial liabilities	19	854	23,131
<b>Total current liabilities</b>		<b>3,050</b>	<b>26,040</b>
<b>Total liabilities</b>		<b>3,050</b>	<b>26,040</b>
<b>Equity</b>			
Ordinary share capital	21	-	-
Reserves		1,212	812
<b>Equity</b>		<b>1,212</b>	<b>812</b>
<b>Total liabilities and equity</b>		<b>4,262</b>	<b>26,852</b>

The notes on pages 12 to 30 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 9 July 2019. They were signed on its behalf by:



K Benjamin

Director

Company registered number: 09983877

## STATEMENT OF CHANGES IN EQUITY

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

<b>(£ thousands)</b>	<b>Ordinary Share Capital</b>	<b>Reserves</b>	<b>Total Equity</b>
<b>Balance at 31 March 2017</b>	-	401	401
Profit for the year ended 31 March 2018	-	411	411
<b>Total comprehensive income for the period</b>	-	<b>411</b>	<b>411</b>
<b>Balance at 31 March 2018</b>	-	<b>812</b>	<b>812</b>

The notes on pages 12 to 30 form an integral part of these financial statements.

## CASH FLOW STATEMENT

Year ended 31 March (£ thousands)	Notes	2019	2018
<b>Cash flows generated from operating activities</b>			
<b>Profit for the period</b>		<b>400</b>	<b>411</b>
Adjustments for:			
Depreciation and amortisation		348	129
Finance expense		84	-
Income tax expense		84	109
<b>Cash flows from operating activities before changes in assets and liabilities</b>		<b>916</b>	<b>649</b>
Decrease / (increase) in trade receivables		1,083	(1,083)
Decrease in other current assets		643	1,563
Decrease / (increase) in other financial assets		320	(22,681)
(Increase) / decrease in inventories		(1,076)	87
(Decrease) / increase in accounts payable		(713)	2,419
(Decrease) / increase in other financial liabilities		(89)	10,325
(Decrease) in other current liabilities		-	(443)
<b>Net cash (used in)/ generated from operating activities</b>		<b>1,084</b>	<b>(9,164)</b>
<b>Cash flows generated from/(used in) investing activities</b>			
Purchases of property, plant and equipment		(958)	(190)
Proceeds from sale of property, plant and equipment		-	10
Cash paid for intangible assets		-	(9)
Repayment of short-term loans to Group undertakings		-	1,000
<b>Net cash generated from/(used in) investing activities</b>		<b>(958)</b>	<b>811</b>
<b>Cash flows generated from financing activities</b>			
Proceeds of short-term loans from Group undertakings	25	-	10,893
Repayment of short-term loans to Group undertakings	25	-	(2,172)
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>8,721</b>
<b>Net change in cash and cash equivalents</b>		<b>126</b>	<b>368</b>
Cash and cash equivalents at beginning of year/period		368	-
<b>Cash and cash equivalents at the end of the year/period</b>		<b>494</b>	<b>368</b>

The notes on pages 12 to 30 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 financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 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 funding from Jaguar Land Rover Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Jaguar Land Rover Limited not seeking repayment of the amounts currently due to the group, which at 31 March 2019 amounted to £854,000, and providing additional financial support during that period. Jaguar Land Rover Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, 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.

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:

<b>Class of property, plant and equipment</b>	<b>Estimated useful life (years)</b>
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:

<b>Class of intangible assets</b>	<b>Estimated useful life (years)</b>
Software	5 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**

##### **Operating leases**

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 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### FINANCIAL INSTRUMENTS (CONTINUED)

##### 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.

*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, thereby eliminating the need to assess changes in credit risk for those 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.

Objective evidence for a significant increase in credit risk includes where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### FINANCIAL INSTRUMENTS (CONTINUED)

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 2019:**

#### IFRS 9 FINANCIAL INSTRUMENTS

*IFRS 9 Financial Instruments* has been applied to the company's financial statements from 1 April 2018.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces a new impairment model for financial assets and new rules for hedge accounting.

The company has undertaken an assessment of classification and measurement on transition and has not identified a material impact on the financial statements given that equity investments which are not equity accounted are valued at fair value through profit or loss. The impact on the categorisation of financial assets and liabilities within scope of IFRS 9 is summarised below.

	IAS 39 Category	IFRS 9 Category	IAS 39 carrying amount (31 March 2019) £thousand	IFRS 9 carrying amount (31 March 2019) £thousand
<b>Financial Assets</b>				
Trade receivables	Loans & Receivables	Amortised Cost	-	-
Cash & cash equivalents	Loans & Receivables	Amortised Cost	494	494
Other	Loans & Receivables	Amortised Cost	-	-
<b>Financial Liabilities</b>				
Accounts payable	Other financial liabilities	Amortised Cost	2,196	2,196
Interest accrued	Other financial liabilities	Amortised Cost	6	6
Other	Other financial liabilities	Amortised Cost	860	860

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### IFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

The company has undertaken an assessment of the impairment provisions, especially with regards to trade receivables and has applied the simplified approach under the standard. The company has concluded that there is no material impact under the standard for remeasurement of impairment provisions and no transition adjustment have been made.

#### APPLICATION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 Revenue from Contracts with Customers became effective with a date of initial application of 1 April 2018. The new standard replaces the requirements under IAS 18 *Revenue* and IAS 11 *Construction Contracts*, as well as the related interpretations. The primary purpose of the new standard is to specify a set of consistently applicable underlying revenue recognition principles across all sectors, industries, and types of arrangements. The standard applies only to contracts with customers – a 'customer' is a party that has contracted with the company to obtain goods or services, which are an output of the company's ordinary activities, in exchange for consideration.

In accordance with the transitional provisions of the standard, the company has applied IFRS 15 on the modified retrospective basis. This allows the company to recognise the cumulative effect of applying the new standard at the date of application with no restatement of the comparative periods, which remain under the previously existing accounting principles.

The company recognises revenue from the provision of services in consideration of the promotion of the Jaguar and Land Rover brands, as well as prize money from participation in the Championship. Based on the nature of the operations of the company, there is no significant impact due to the introduction of the new standard.

With regards to the provision of services, the company's customer is its immediate parent company which contracts with the company to obtain brand promotional services. In respect of prize money, the company's customer is Formula E Operations Limited (FEO) which contracts with the company to obtain the outputs from the participation activities in the Championship and to compete in all such races. The obligation to participate in each race is a series of distinct performance obligations, each of which is considered substantially the same.

The company notes that prize money received is contingent on achieving specific performance goals in line with race performance across the course of the season. Prize money is therefore considered variable consideration in line with IFRS 15, and the company recognises such amounts across the course of the season at an amount that is highly probable of not being reversed when future uncertainty is resolved. This is consistent with the company's previous policy of recognising prize money revenue only when guaranteed in accordance with the rules of the Championship.

The company has applied IFRS 15 from 1 April 2018 using the modified retrospective method, meaning that comparative information for the year ended 31 March 2018 has not been restated. As a result, the comparative information provided for those fiscal periods continues to be accounted for in accordance with the company's previous revenue recognition accounting policies under IAS 18 *Revenue*.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

**IFRIC 22 Foreign Currency Transactions and Advance Consideration** is effective for accounting periods commencing on or after 1 January 2018, and addresses the treatment of payments made in advance or consideration is received in advance for transactions denominated in a foreign currency transactions. Where a corresponding non-monetary asset or liability is recognised, the exchange rate prevailing at the date of transaction should prevail. If there are multiple payments or advance receipts, a date of transaction is established for each payment or receipt. This situation is relevant to Jaguar Racing and the nature of its operations, but the application of this interpretation does not have a material impact to Jaguar Racing.

**(b) Financial reporting pronouncements, issued by the IASB and endorsed by the EU, that are considered significant to the Jaguar Land Rover Group but are not yet adopted:**

#### IFRS 16 LEASES

A new lease accounting standard 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 recognized.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 ACCOUNTING POLICIES (CONTINUED)

#### IFRS 16 LEASES (CONTINUED)

The company will elect 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.

The company has elected to use the following practical expedients 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 company is applying the modified retrospective approach on transition under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity as 1 April 2019.

IFRIC 23 Uncertainty Over Income Tax Treatments is effective for accounting periods commencing on or after 1 January 2019. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The application of IFRIC 23 is not considered to have a material impact on Jaguar Racing's profitability, liquidity and capital resources and financial position as the existing accounting policy applied by Jaguar Racing is largely consistent with IFRIC 23.

### 3 REVENUE

<b>Year ended 31 March (£ thousands)</b>	<b>2019</b>	<b>2018</b>
Revenue from provision of services	10,220	9,641
<b>Total revenue</b>	<b>10,220</b>	<b>9,641</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 4 RACING OPERATING COSTS

Year ended 31 March (£ thousands)	2019	2018
Race operating expenses	8,362	7,427
Race logistics costs	403	393
<b>Total race operating costs</b>	<b>8,765</b>	<b>7,820</b>

### 5 EMPLOYEE COSTS AND DIRECTORS' EMOLUMENTS

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

For the year ended 31 March 2019, 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 £201,057 (2018: £49,538).

Retirement benefits accruing to the directors are included in the financial statements of Jaguar Land Rover Limited for the year ended 31 March 2019.

### 6 PROFIT BEFORE TAX

Auditor's remuneration for the current financial year and prior financial period 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 (2018: £15,000). The company incurred no non-audit fees in either the current financial year or prior financial period.

### 7 OTHER EXPENSES

Year ended 31 March 2019 (£ thousands)	2019	2018
Works, operations and other costs	519	1,141
Foreign exchange loss	20	4
<b>Total other expenses</b>	<b>539</b>	<b>1,145</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8 FINANCE EXPENSE

Year ended 31 March (£ thousands)	2019	2018
Total interest expense on financial liabilities measured at amortised cost	84	27
<b>Total finance expense</b>	<b>84</b>	<b>27</b>

### 9 TAXATION

#### Recognised in the income statement

Year ended 31 March (£ thousands)	2019	2018
Current tax expense	99	104
Prior period adjustment	(10)	-
Deferred tax	(5)	5
<b>Total income tax expense</b>	<b>84</b>	<b>109</b>

#### Reconciliation of effective tax rate

Year ended 31 March (£ thousands)	2019	2018
Profit for the year	400	411
Total income tax expense	84	109
<b>Profit before tax</b>	<b>484</b>	<b>520</b>
Income tax at 19% (2018: 19%)	92	99
Prior period adjustment	(8)	-
Non-deductible expenses	-	10
<b>Total income tax expense</b>	<b>84</b>	<b>109</b>

The company had a deferred tax asset of £5,000 at 31 March 2019 (2018: nil).

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 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)

### 10 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March (£ thousands)	Plant and equipment	Total
<b>Cost</b>		
Balance at 1 April 2017	654	654
Additions	190	190
Disposals	(10)	(10)
<b>Balance at 31 March 2018</b>	<b>834</b>	<b>834</b>
Additions	958	958
<b>Balance at 31 March 2019</b>	<b>1,792</b>	<b>1,792</b>
<b>Accumulated depreciation</b>		
Balance at 1 April 2017	145	145
Depreciation charge for the period	96	96
<b>Balance at 31 March 2018</b>	<b>241</b>	<b>241</b>
Depreciation charge for the year	315	315
<b>Balance at 31 March 2019</b>	<b>556</b>	<b>556</b>
<b>Net book value</b>		
<b>At 31 March 2019</b>	<b>1,236</b>	<b>1,236</b>
<b>At 31 March 2018</b>	<b>593</b>	<b>593</b>

### 11 INTANGIBLE ASSETS

Year ended 31 March (£ thousands)	Software	Total
<b>Cost</b>		
Balance at 1 April 2017	111	111
Additions	9	9
<b>Balance at 31 March 2018</b>	<b>120</b>	<b>120</b>
Additions	-	-
<b>Balance at 31 March 2019</b>	<b>120</b>	<b>120</b>
<b>Accumulated amortisation</b>		
Balance at 1 April 2017	24	24
Amortisation charge for the period	33	33
<b>Balance at 31 March 2018</b>	<b>57</b>	<b>57</b>
Amortisation charge for the year	33	33
<b>Balance at 31 March 2019</b>	<b>90</b>	<b>90</b>
<b>Net book value</b>		
<b>At 31 March 2019</b>	<b>30</b>	<b>30</b>
<b>At 31 March 2018</b>	<b>63</b>	<b>63</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 DEFERRED TAX ASSETS

Components of the deferred tax asset are as follows:

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

(£ thousands)	Balance at 31 March 2017	Recognised in profit or loss	Balance at 31 March 2018
<b>Deferred tax assets</b>			
Property, plant & equipment	5	(5)	-
<b>Total deferred tax asset</b>	5	(5)	-

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

### 13 CASH AND CASH EQUIVALENTS

As at 31 March (£ thousands)	2019	2018
Cash and cash equivalents	494	368
<b>Total cash and cash equivalents</b>	<b>494</b>	<b>368</b>

### 14 TRADE RECEIVABLES

As at 31 March (£ thousands)	2019	2018
Trade receivables	-	1,083
<b>Total trade receivables</b>	<b>-</b>	<b>1,083</b>

### 15 INVENTORIES

As at 31 March (£ thousands)	2019	2018
Raw materials and consumables	1,601	525
<b>Total inventories</b>	<b>1,601</b>	<b>525</b>

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

### 16 OTHER CURRENT ASSETS

As at 31 March (£ thousands)	2019	2018
Prepaid expenses	681	1,253
Recoverable VAT	215	286
<b>Total other current assets</b>	<b>896</b>	<b>1,539</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17 OTHER CURRENT FINANCIAL ASSETS

As at 31 March (£ thousands)	2019	2018
Amounts owed by Group undertakings	-	22,681
<b>Total other current financial assets</b>	<b>-</b>	<b>22,681</b>

Amounts owed by Group undertakings are unsecured, subject to a variable interest rate and are repayable on demand.

### 18 ACCOUNTS PAYABLE

As at 31 March (£ thousands)	2019	2018
Trade payables	1,036	1,307
Liabilities for expenses	1,160	1,602
<b>Total accounts payable</b>	<b>2,196</b>	<b>2,909</b>

### 19 OTHER CURRENT FINANCIAL LIABILITIES

As at 31 March (£ thousands)	2019	2018
Amounts owed to Group undertakings	486	14,126
Amounts owed to Group undertakings - short-term borrowings	-	8,721
Group tax relief offset	362	274
Interest accrued	6	10
<b>Total other current financial liabilities</b>	<b>854</b>	<b>23,131</b>

Amounts owed by Group undertakings are unsecured, subject to a variable interest rate and are repayable on demand.

### 20 LEASES

There were no finance leases in the year or prior period.

Non-cancellable operating lease rentals are payable as follows:

As at 31 March (£ thousands)	2019	2018
Less than one year	668	146
Between one and five years	1,356	-
<b>Total lease payments</b>	<b>2,024</b>	<b>146</b>

The total operating lease charge recognised in the income statement in the year was £655,000 (2018: £420,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21 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	2019	2018
<b>Allotted, called up and fully paid</b>		
1 (2018: 1) ordinary share of £1	1	1
<b>Share capital presented as equity</b>	<b>1</b>	<b>1</b>

### 22 COMMITMENTS AND CONTINGENCIES

The company had no commitments or contingencies as at 31 March 2019 or 31 March 2018.

### 23 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 amounts and fair value of each category of financial liability, other than those with carrying amounts that are reasonable approximations of fair values as at 31 March 2019:

#### Financial liabilities

(£ thousands)	Other financial liabilities	Total carrying value	Total fair value
Other financial liabilities	854	854	854
<b>Total financial liabilities</b>	<b>854</b>	<b>854</b>	<b>854</b>

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities, other than those with carrying amounts that are reasonable approximations of fair values as at 31 March 2018:

#### Financial assets

(£ thousands)	Loans and receivables	Total carrying value	Total fair value
Other financial assets	22,681	22,681	22,681
<b>Total financial assets</b>	<b>22,681</b>	<b>22,681</b>	<b>22,681</b>

#### Financial liabilities

(£ thousands)	Other financial liabilities	Total carrying value	Total fair value
Other financial liabilities	23,131	23,131	23,131
<b>Total financial liabilities</b>	<b>23,131</b>	<b>23,131</b>	<b>23,131</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23 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 company is also exposed to fluctuations in exchange rates, which impact the valuation of foreign currency denominated assets and liabilities and also foreign currency denominated balances on the company's balance sheet at each reporting period end.

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

<b>As at 31 March 2019 (£ thousand)</b>	<b>Euro</b>	<b>Total</b>
Financial liabilities	(1,143)	(1,143)
<b>Net exposure asset</b>	<b>(1,143)</b>	<b>(1,143)</b>

#### 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.

As at 31 March 2019, there were no short-term borrowings (2018: £8,721,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23 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 2019 (£ thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
<b>Financial liabilities</b>						
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	-	-	-
<b>Total contractual maturities</b>	<b>3,050</b>	<b>3,050</b>	<b>3,050</b>	-	-	-

As at 31 March 2018 (£ thousand)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
<b>Financial liabilities</b>						
Amounts owed to Group undertakings	14,410	14,410	14,410	-	-	-
Amounts owed to Group undertakings - short-term borrowings	8,721	8,721	8,721	-	-	-
Trade payables	1,307	1,307	1,307	-	-	-
Liabilities for expenses	1,602	1,602	1,602	-	-	-
<b>Total contractual maturities</b>	<b>26,040</b>	<b>26,040</b>	<b>26,040</b>	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 23 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 trade receivables. The company will seek to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit insurance and letters of credit from banks that meet internal rating criteria.

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

### 24 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.

### 25 NOTES TO THE CASH FLOW STATEMENT

#### RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(£ thousands)	Short-term borrowings
<b>Balance at 1 April 2017</b>	-
Proceeds from short-term loans from Group undertakings	10,893
Repayment of short-term loans from Group undertakings	(2,172)
<b>Balance at 31 March 2018</b>	<b>8,721</b>
Non-cash settlements with other Group companies	(8,721)
<b>Balance at 31 March 2019</b>	-

During the year, the company off-set assets and liabilities to the extent of £32,968,000 with the immediate parent company.

## 26 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.

- £10,167,000 (2018: £9,641,000) of revenue for services in note 3 was for services provided to the immediate parent company.
- The receivable amounts of £nil (2018: £22,415,000) are due from the immediate parent company. The receivable amounts of £nil (2018: £266,000) are due from other Group companies. See note 17.
- Software development costs of £nil (2018: £9,000) were incurred by the immediate parent company and billed to the company. See note 11.
- The payable amounts of £852,500 (2018: £14,377,000) are due to the immediate parent company and payable amounts of £1,500 (2018: £33,000) are due to other Group companies. See note 19.
- There are no short term borrowings due to the immediate parent company (2018: £8,721,000). See note 19.

## 27 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.

