



Jaguar Land Rover Singapore Pte. Ltd.
Registration Number: 201541482M

Financial Statements
Year ended 31 March 2018



Directors' statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Colgan Robin Michael
Yong Ee Fong Fiona

Directors' interests

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

No director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Share options

During the financial year, there were:

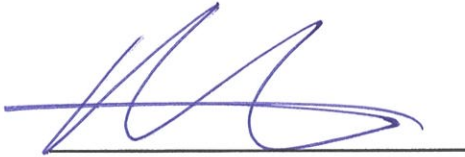
- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Auditors

At an Extraordinary General Meeting held on 25 September 2017, KPMG LLP were appointed as the auditors of the Company. The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

Signed by the Board of Directors

A handwritten signature in blue ink, appearing to be 'Colgan Robin Michael', written over a horizontal line.

Colgan Robin Michael
Director

A handwritten signature in blue ink, appearing to be 'Yong Ee Fong Fiona', written over a horizontal line.

Yong Ee Fong Fiona
Director

3 July 2018



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Independent auditors' report

Members of the Company
Jaguar Land Rover Singapore Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Jaguar Land Rover Singapore Pte. Ltd. ('the Company'), which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS23.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Other matters

The financial statements for the year ended 31 March 2017 were audited by another auditor whose report dated 20 August 2017 expressed an unqualified opinion on those statements.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

A handwritten signature in black ink, appearing to read 'KPMG LLP' or similar, written in a cursive style.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
3 July 2018

Statement of financial position
As at 31 March 2018

	Note	2018 \$	2017 \$
Assets			
Property, plant and equipment	4	3,693,463	3,979,182
Non-current assets		<u>3,693,463</u>	<u>3,979,182</u>
Cash and cash equivalents		7,962,612	13,662,907
Trade and other receivables	5	19,183,621	11,890,202
Inventories	6	12,418,117	3,781,278
Loan to immediate holding company	7	8,851,384	–
Current assets		<u>48,415,734</u>	<u>29,334,387</u>
Total assets		<u>52,109,197</u>	<u>33,313,569</u>
Equity			
Share capital	8	750,000	750,000
Accumulated profits		2,378,270	1,564,465
Total equity		<u>3,128,270</u>	<u>2,314,465</u>
Liabilities			
Deferred income	9	4,200,518	2,847,898
Warranty provision	10	2,185,426	1,768,956
Provision for reinstatement costs	11	764,270	764,270
Deferred tax liability	12	75,386	35,148
Non-current liabilities		<u>7,225,600</u>	<u>5,416,272</u>
Trade and other payables	13	38,372,418	22,455,933
Loan payable to immediate holding company	7	–	757,456
Deferred income	9	1,923,395	1,279,470
Warranty provision	10	1,272,836	811,189
Current tax payable		186,678	278,784
Current liabilities		<u>41,755,327</u>	<u>25,582,832</u>
Total liabilities		<u>48,980,927</u>	<u>30,999,104</u>
Total equity and liabilities		<u>52,109,197</u>	<u>33,313,569</u>

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
Year ended 31 March 2018

	Note	2018 \$	2017 \$
Revenue	14	71,577,256	96,056,433
Cost of sales		<u>(64,904,258)</u>	<u>(86,748,527)</u>
Gross profit		<u>6,672,998</u>	<u>9,307,906</u>
Service income	19	27,043,526	19,801,778
Administrative expenses		(16,494,015)	(15,628,611)
Marketing expenses		<u>(16,209,056)</u>	<u>(11,488,158)</u>
Results from operating activities		<u>1,013,453</u>	<u>1,992,915</u>
Finance income	15	48,283	77,175
Finance costs	15	<u>(12,394)</u>	<u>(172,852)</u>
Net finance income/(costs)		<u>35,889</u>	<u>(95,677)</u>
Profit before tax	17	1,049,342	1,897,238
Tax expense	16	<u>(235,537)</u>	<u>(313,932)</u>
Profit for the year, representing total comprehensive income		<u>813,805</u>	<u>1,583,306</u>

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
Year ended 31 March 2018

	Share capital \$	Accumulated (losses)/profits \$	Total \$
At 1 April 2016	750,000	(18,841)	731,159
Total comprehensive income for the year	–	1,583,306	1,583,306
At 31 March 2017	<u>750,000</u>	<u>1,564,465</u>	<u>2,314,465</u>
At 1 April 2017	750,000	1,564,465	2,314,465
Total comprehensive income for the year	–	813,805	813,805
At 31 March 2018	<u>750,000</u>	<u>2,378,270</u>	<u>3,128,270</u>

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
Year ended 31 March 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Profit before tax		1,049,342	1,897,238
Adjustments for:			
Depreciation of property, plant and equipment	4	870,083	273,794
Warranty provision	10	3,675,652	2,263,525
Net finance (income)/costs	15	(35,889)	95,677
		5,559,188	4,530,234
Changes in working capital:			
Trade and other receivables	A	(7,293,419)	(11,407,923)
Inventories		(8,636,839)	1,605,486
Trade and other payables	A	15,916,485	12,881,537
Deferred income		1,996,545	4,127,368
Proceeds from immediate holding company, relating to warranty provision transferred from immediate holding company		–	2,000,000
Utilisation of warranty provisions	10	(2,770,563)	(1,606,205)
Cash from operating activities		4,771,397	12,130,497
Tax paid		(287,405)	–
Net cash from operating activities		4,483,992	12,130,497
Cash flows from investing activities			
Loan to immediate holding company		(8,851,384)	–
Interest received		21,311	–
Purchases of property, plant and equipment	A	(584,364)	(3,110,933)
Net cash used in investing activities		(9,414,437)	(3,110,933)
Cash flows from financing activities			
Loan payable to immediate holding company		(757,456)	757,456
Interest paid		(12,394)	(172,852)
Net cash (used in)/from financing activities		(769,850)	584,604
Net (decrease)/increase in cash and cash equivalents		(5,700,295)	9,604,168
Cash transferred from branch of immediate holding company	A	–	3,313,830
Cash and cash equivalents at 1 April		13,662,907	744,909
Cash and cash equivalents at 31 March		7,962,612	13,662,907

Note A: Non-cash transactions during the year

In 2017, the Company transferred property, plant and equipment amounting to \$1,142,043, trade and other receivables amounting to \$481,820, cash amounting to \$3,313,830 and trade and other payables (including provision of reinstatement costs) amounting to \$4,937,693 from the branch of immediate holding company, and credited payable to holding company by corresponding amounts.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 3 July 2018.

1 Domicile and activities

Jaguar Land Rover Singapore Pte. Ltd. ('the Company') is incorporated in the Republic of Singapore. The address of the Company's registered office is at 138 Market Street, #36-01/02, CapitaGreen, Singapore 048946.

The principal activities of the Company are those relating to wholesale of motor vehicles and spare parts (except motorcycles and scooters) and to manage Asia Pacific's importers on behalf of its holding companies.

The immediate and ultimate holding company are Jaguar Land Rover Limited and Tata Motors Limited. Jaguar Land Rover Limited is a company incorporated in United Kingdom and Tata Motors Limited, a company incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ('FRS').

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect in the amounts recognised in the financial statements is included in note 10, warranty provision.

2.5 Changes in accounting policies

Disclosure initiative (amendment to FRS 7)

From 1 April 2017, as a result of the amendments to FRS 7, the Company has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 31 March 2018. Comparative information has not been presented (see note 7).

Other than the amendments to FRS 7, the adoption of new standards, amendments to standards and interpretations that became effective for the financial year beginning 1 April 2017 did not have any effect on the financial statements of the Company.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: loans and receivables and loan to immediate holding company.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loan to immediate holding company.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into other financial liabilities. The Company's non-derivative financial liabilities comprise trade and other payables and loan payable to immediate holding company.

Share capital

Ordinary shares

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

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Tooling 5 years
- Furniture and fittings 12.5 years
- Renovations 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.5 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor or indications that a debtor or issuer will enter bankruptcy.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance income.

3.7 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Service income

Revenue from rendering of services is recognised based on an agreed mark-up of operating expenses incurred during the year.

3.8 Lease payment

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.9 Finance income and finance costs

Finance income comprise interest income on loans to immediate holding company and unwinding of discount on provision.

Finance costs comprise interest expense on borrowings from immediate holding company. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period in which the employees render their services.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income .

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.12 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2017 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Company in future financial periods, the Company is assessing the transition options and the potential impact on the financial statements. The Company does not plan to adopt these standards early.

An initial assessment of the new standards that are relevant to the Company is set out below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

The Company plans to adopt the standard when it becomes effective in 2019. The Company is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

(a) Classification and measurement

The Company does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

(b) Impairment

The Company plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Company expects an increase in the impairment loss allowance as it does not require collateral in respect of its loans and receivables and its debt securities. The Company is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements.

The Company plans to adopt the new standard when it becomes effective in 2019 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

FRS 116 Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Company has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee (refer to Note 18). Based on the preliminary assessment, the Company expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard.

The Company plans to adopt the standard when it becomes effective in 2020. The Company will perform a detailed analysis of the standard, including the transition options and practical expedients in 2019.

4 Property, plant and equipment

	Tooling \$	Furniture and fittings \$	Renovations \$	Total \$
Cost				
At 1 April 2016	–	–	–	–
Transferred from branch of immediate holding company	–	239,706	902,337	1,142,043
Additions	–	184,096	2,926,837	3,110,933
At 31 March 2017	–	423,802	3,829,174	4,252,976
At 1 April 2017	–	423,802	3,829,174	4,252,976
Additions	428,817	–	155,547	584,364
At 31 March 2018	428,817	423,802	3,984,721	4,837,340
Accumulated depreciation				
At 1 April 2016	–	–	–	–
Depreciation	–	(19,784)	(254,010)	(273,794)
At 31 March 2017	–	(19,784)	(254,010)	(273,794)
At 1 April 2017	–	(19,784)	(254,010)	(273,794)
Depreciation	(64,921)	(33,904)	(771,258)	(870,083)
At 31 March 2018	(64,921)	(53,688)	(1,025,268)	(1,143,877)
Carrying amounts				
At 1 April 2016	–	–	–	–
At 31 March 2017	–	404,018	3,575,164	3,979,182
At 31 March 2018	363,896	370,114	2,959,453	3,693,463

In 2017, the Company transferred property, plant and equipment amounted to \$1,142,043 from the branch of immediate holding company.

5 Trade and other receivables

	2018 \$	2017 \$
Trade receivables		
Third party	8,156,980	5,170,535
Other receivables		
Immediate holding company	10,011,270	5,870,065
Related companies	20,470	–
GST receivables	–	29,849
	18,188,720	11,070,449
Prepayments	994,901	819,753
	19,183,621	11,890,202

The average credit period of the Company is 30 days (2017: 30 days). Before accepting any new customer, the Company will assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically.

The Company evaluates whether there is any objective evidence that trade and other receivables are impaired, and determines the amount of impairment loss as a result of the inability of customers to make required payments. The Company determines the estimates based on ageing of the trade receivables balance, credit-worthiness and historical default experiences.

The trade receivables are aged current as at the end of the reporting period. The management believes that no impairment allowance on the outstanding receivables is necessary owing to the good credit records maintained by the customers.

The non-trade amount due from the holding company and related companies are unsecured, interest-free and repayable on demand. There is no allowance for doubtful receivables arising from these balances.

In 2017, the Company transferred trade and other receivables amounted to \$481,820 from the branch of immediate holding company.

6 Inventories

	2018	2017
	\$	\$
Finished goods	469,565	913,471
Goods-in-transit	11,948,552	2,867,807
	12,418,117	3,781,278

In 2018, inventories of \$50,661,137 (2017: \$72,224,983) were recognised as an expense during the year and included in 'cost of sales' (see note 17).

In addition, inventories have been reduced by \$110,000 (2017: Nil) as a result of the write-down to net realisable value. The write-down is included in 'cost of sales'.

7 Loan to/(payable to) immediate holding company

	2018	2017
	\$	\$
Current		
Loan to/(payable to) immediate holding company	8,851,384	(757,456)

The current loan to the immediate holding company, Jaguar Land Rover Limited, is non-trade in nature, unsecured, repayable on demand and bears interest at LIBOR interbank interest rate plus a margin of 0.85%.

The current loan payable to immediate holding company, Jaguar Land Rover Limited, was non-trade in nature, unsecured, repayable on demand and bore interest at LIBOR interbank interest rate plus a margin of 0.85%.

Reconciliation of movements of liability to cash flows arising from financing activities

	Liability
	Loan payable to immediate holding company
	\$
Balance at 1 April 2017	757,456
Changes from financing cash flows	
Repayment of borrowings	(757,456)
Interest paid	(12,394)
Total changes from financing cash flows	(769,850)
Other changes	
Liability-related	
Interest expense	12,394
Total liability-related other changes	12,394
Balance as at 31 March 2018	–

8 Share capital

	2018		2017	
	No. of shares	\$	No. of shares	\$
Fully paid ordinary shares, with no par value				
At 1 April and 31 March	750,000	750,000	750,000	750,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company defines "capital" as share capital and all other components of equity. The Company's policy is to maintain a sound capital base to sustain the future development and expansion of the Company's business, so as to maintain investor and creditor confidence in the Company. The Board of Directors monitors the level of dividend payment by taking into account the Company's business expansion requirements.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

9 Deferred income

	2018	2017
	\$	\$
Current		
Deferred income	1,923,395	1,279,470
	<hr/>	<hr/>
Non-current		
Deferred income	4,200,518	2,847,898
	<hr/>	<hr/>

If a sale includes an agreement for subsequent servicing or maintenance, the fair value of that service is deferred and recognised as income over the relevant service period in proportion with the expected cost pattern of the agreement.

10 Warranty provision

	2018	2017
	\$	\$
Current		
Warranty provision	1,272,836	811,189
	<hr/>	<hr/>
Non-current		
Warranty provision	2,185,426	1,768,956
	<hr/>	<hr/>

	Product warranty	
	2018	2017
	\$	\$
At beginning of the year	2,580,145	–
Provisions for the year	3,675,652	2,263,525
Provision transferred from immediate holding company	–	2,000,000
Utilisation during the year	(2,770,563)	(1,606,205)
Unwinding of discount	(26,972)	(77,175)
At end of the year	<hr/> 3,458,262	<hr/> 2,580,145

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

11 Provision for reinstatement costs

	2018	2017
	\$	\$
Provision as at year end, presented as non-current liability	764,270	764,270
	<hr/>	<hr/>

The provision for reinstatement costs is an estimation of costs to reinstate the Company's office and training academy. The amount has not been discounted for the purpose of measuring the provision for reinstatement work as it is not expected to be material.

12 Deferred tax liability

Movements in deferred tax liabilities:

	At 1 April 2017 \$	Recognised in profit or loss (note 16) \$	At 31 March 2017 \$	Recognised in profit or loss (note 16) \$	At 31 March 2018 \$
Property, plant and equipment	–	35,148	35,148	40,238	75,386
	–	35,148	35,148	40,238	75,386

13 Trade and other payables

	2018 \$	2017 \$
Trade payables		
Third parties	2,248,554	3,435,017
Immediate holding company	18,094,696	8,254,598
	<u>20,343,250</u>	<u>11,689,615</u>
Other payables		
Import duty accruals	2,036,237	601,345
Accrued variable marketing expense	4,126,500	3,069,371
Accrued variable dealer expense	1,533,865	3,106,851
Other accruals	9,733,360	3,988,751
GST payables	599,206	–
	<u>18,029,168</u>	<u>10,766,318</u>
	<u>38,372,418</u>	<u>22,455,933</u>

The contractual undiscounted cash flow of trade and other payables are expected to be due within 1 year.

In 2017, the Company transferred trade and other payables (including provision of reinstatement costs) amounted to \$4,937,693 from the branch of immediate holding company.

14 Revenue

	2018 \$	2017 \$
Sale of goods	<u>71,577,256</u>	<u>96,056,433</u>

15 Finance income/(costs)

	2018	2017
	\$	\$
Finance income		
Interest income on loan to immediate holding company	21,311	–
Unwinding of discount on warranty provision	26,972	77,175
	48,283	77,175
Finance costs		
Interest expense on loan payable to immediate holding company	(12,394)	(172,852)
	35,889	(95,677)

16 Tax expense

	2018	2017
	\$	\$
Current tax expense		
Current year	195,299	278,784
Deferred tax expense		
Origination and reversal of temporary differences	20,698	35,148
Adjustment for prior year	19,540	–
	40,238	35,148
Tax expense	235,537	313,932
Reconciliation of effective tax rate		
Profit before tax	1,049,342	1,897,238
Tax calculated using Singapore tax rate of 17% (2017: 17%)	178,388	322,530
Non-deductible expenses	75,043	33,399
Tax exempt income	(27,434)	(25,925)
Tax rebates	(10,000)	(15,000)
Underprovision in prior year	19,540	–
Others	–	(1,072)
	235,537	313,932

17 Profit for the year

The following items have been included in arriving at profit for the year:

	2018	2017
	\$	\$
Warranty provision	3,675,652	2,263,525
Employee benefits expense	5,893,031	5,774,958
Directors' remuneration included in employee benefits	–	243,299
Cost of inventories recognised as expenses	50,661,137	72,224,983
Cost of defined contribution plans included in employee benefit expense	431,586	365,874
	431,586	365,874

18 Operating leases

	2018	2017
	\$	\$
Minimum lease payments under operating leases recognised as expense in the year	2,016,712	1,840,841

At the reporting date, the Company has outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	\$	\$
Within one year	2,179,565	2,016,712
Within two to five years	5,035,343	6,679,649
	7,214,908	8,696,361

Operating lease payments represent rental payable by the Company for rental of office premises and training academy. The leases are negotiated for five years and rentals are fixed for five years.

19 Related parties

Key management personnel compensation

The remuneration of directors and other members of key management are as follows:

	2018	2017
	\$	\$
Short-term benefits	750,206	235,139
Post-employment benefits	15,305	8,160
	765,511	243,299

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries. The directors are considered as key management personnel of the Company.

Other related party transactions

The Company is a wholly-owned subsidiary of Jaguar Land Rover Limited, incorporated in United Kingdom. The company's ultimate holding company is Tata Motors Limited. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

During the financial year, other than those disclosed elsewhere in the financial statements, the Company had the following significant related party transactions on terms agreed between the parties:

	2018	2017
	\$	\$
Immediate holding company		
Purchase of vehicles	59,297,976	70,619,497
Service income	(27,043,526)	(19,801,778)
Other recharges	500,000	500,000

20 Financial instruments

Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- interest rate risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

The Company has a credit policy in place whereby new customers are subject to credit evaluations based on available financial information and past experiences. The Company has established credit limits for customers and monitors their balances on an ongoing basis. Cash is placed with reputable banks and financial institutions, which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Company's primary exposure to credit risk arises through its trade and other receivables.

At the end of the reporting period, there is significant concentration of credit risk arising from trade receivables due from 1 customer (2017: 1 customer) amounting to \$8,156,980 (2017: \$5,170,535) and other receivables due from immediate holding company amounting to \$10,011,270 (2017: \$5,870,065), forming 95% (2017: 93%) of total trade and other receivables.

Interest rate risk

The Company's exposure to market risk for changes in interest rate relates mainly to its loan to immediate holding company (2017: loan payable to immediate holding company) which have floating rates.

Sensitivity analysis

A decrease/increase of 100 bp in interest rate at the reporting date would have (decreased)/increased (2017: increased/(decreased)) profit before tax, respectively, by \$88,514 (2017: \$7,575). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity management is to ensure that the Company has sufficient funds to meet its contractual and financial obligations as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company focuses on ensuring matching maturities of the Company's assets and liabilities. The Company will also maintain a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Classification of accounting instruments

The carrying amounts of financial assets and liabilities shown in the statement of financial position are as follows:

	2018	2017
	\$	\$
Financial assets		
Loan to immediate holding company	8,851,384	–
Trade and other receivables*	18,188,720	11,070,449
Cash and cash equivalents	7,962,612	13,662,907
	<u>35,002,716</u>	<u>24,733,356</u>
Financial liabilities		
Trade and other payables	38,372,418	22,455,933
Loan payable to immediate holding company	–	757,456
	<u>38,372,418</u>	<u>23,213,389</u>

* Excludes prepayments

Fair values of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities on the statement of financial position approximate their respective fair values due to their short period to maturity.

21 Comparative information

The financial statements for the year ended 31 March 2017 were audited by another firm of Certified Public Accountants whose report dated 20 August 2017 expressed an unqualified opinion on those financial statements.

