Jaguar Racing Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number: 09983877

For the year ended 31 March 2018

Directors and Advisors

Directors

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

Company secretary

S.L. Pearson

Registered office

Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

Auditor

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

CONTENTS

STRATEGIC REPORT

The directors present their strategic report for Jaguar Racing Limited ('the company' or 'Jaguar Racing') for the year ended 31 March 2018.

Principal activity

The company's principal activity during the period under review was the participation in the FIA Formula E Championship. This included the design, development and manufacture of a high performance Electric Vehicle Powertrain for the Jaguar I-Type 1 race car in Season 3 and the Jaguar I-Type 2 race car in Season 4.

Business review

The strategic goal of the company is to explore further opportunities to raise awareness and promote Jaguar Land Rover Limited's ('JLR') Battery Electric Vehicle plans.

The financial year under review covered the end of Jaguar Racing's inaugural season, Season 3, as well as the first six races of Season 4. Season 3 continued to be a development and learning year for the team and key learnings from this season led to a significant improvement in the team's performance during the first six races of Season 4. As a result, at the year end the team were placed 4th in the Team Standings.

In addition to this, Season 4 has seen Jaguar Racing's first podium in FIA Formula E as well as strong consistency and reliability with both drivers completing all but one race in the first half of the season.

Jaguar Racing has also continued to develop the foundations for a successful team on both the technical and commercial sides of the business. The team have designed and developed our first battery electric racing car, the Jaguar I-Type 1 as well as its replacement for Season 4, the Jaguar I-Type 2. For Season 4 we also contracted former FIA Formula E Champion, Nelson Piquet Jnr, to drive alongside Mitch Evans, significantly enhancing the level of experience of FIA Formula E within the team.

Jaguar Racing's involvement in FIA Formula E also helped enable the launch of the Jaguar I-Pace eTROPHY race series, the world's first production battery electric vehicle race series, which will commence in Season 5 as the main support series to FIA Formula E. This is a key development in helping the company to achieve its strategic goal as well as further demonstrating the capabilities of JLR's Special Vehicle Operations division which will be responsible for building the race cars.

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 raise awareness and promote Jaguar Land Rover's Battery Electric Vehicle plans.

STRATEGIC REPORT (CONTINUED)

Key performance indicators

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

KPI	2018	2017	Commentary
Races entered (both cars finished)	15(11)	3 (2)	The team entered 9 races in Season 3 during the year and 6 races in Season 4 due to changes in the Formula e race calendar.
Team Championship points awarded			The team won its first points in the first race of the year under review and significantly increased its points per race in Season 4.
- Season 4 (3)	86	0	
- Season 3 (2)	27	0	
Cost base – total of Racing Operating Costs, Other expenses and Depreciation and Amortisation	£9,390k	£13,460k	Costs continue to be closely managed in line with the directors' expectations.
Global Media Reach	190 Million people	60 Million people	The signing of Nelson Piquet Jr, the launch of the Jaguar I-Pace eTROPHY race series and significant PR activity around the Season 4 start in Hong Kong led to a significant increase in awareness around the team during the year.

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:

S. L. Pearson
Company Secretary
July 2018

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 2018.

Financial result

The income statement shows a profit after tax for the financial year of £411,000

Dividends

The directors do not propose a dividend for the year ended 31 March 2018.

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
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 directors have considered the financial position of the company at 31 March 2018 (net assets of £812,000) and the projected cash flows and financial performance of the company for at least 12 months from the date of approval of these financial statements. The directors consider, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the company, that the company has adequate resources to continue in operation as a going concern for the foreseeable future.

Political donations

The company made no political donations in the year.

Research and development activities

The company has not incurred research and development costs during the financial year (2017: £4,260,000).

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.

DIRECTORS' REPORT (CONTINUED)

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:

S. L. Pearson
Company Secretary
July 2018

Registered Address
Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

DIRECTORS' RESPONSIBILITIES STATEMENT

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 2018 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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.

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

Directors' responsibilities

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

Auditor's responsibilities

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

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

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

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

John Leech (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Birmingham, United Kingdom
July 2018

INCOME STATEMENT

(£ thousands)	Note	Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Revenue	3	**9,641**	**14,026**
Racing operating costs	4	(5,191)	(4,877)
Other expenses	7	(3,774)	(8,414)
Depreciation and amortisation	10, 11	(129)	(169)
Finance expense (net)	8	(27)	-
Profit before tax		**520**	**566**
Income tax expense	9	(109)	(165)
Profit for the year/period		**411**	**401**

The notes on pages 12 to 29 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	2018	2017
Non-current assets			
Property, plant and equipment	10	593	509
Intangible assets	11	63	87
Deferred tax assets	12	-	5
Total non-current assets		**656**	**601**
Current assets			
Cash and cash equivalents	13	368	-
Trade receivables	14	1,083	-
Inventories	15	525	612
Other current assets	16	1,697	3,102
Other financial assets	17	22,681	1,000
Total current assets		**26,354**	**4,714**
Total assets		**27,010**	**5,315**
Current liabilities			
Accounts payable	18	3,067	490
Other financial liabilities	19	23,131	3,981
Other current liabilities	20	-	443
Total current liabilities		**26,198**	**4,914**
Total liabilities		**26,198**	**4,914**
Equity attributable to shareholders			
Ordinary share capital	22	-	-
Reserves		812	401
Equity attributable to shareholders		**812**	**401**
Total liabilities and equity		**27,010**	**5,315**

The notes on pages 12 to 29 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on July 2018. They were signed on its behalf by

B. J. Carsley

Director

Company registered number: 09983877

STATEMENT OF CHANGES IN EQUITY

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

(£ thousands)	Ordinary Share Capital	Reserves	Total Equity
Balance on incorporation	-	-	-
Profit for the fourteen month period ended 31 March 2017	-	401	401
Total comprehensive income for the period	**-**	**401**	**401**
Balance at 31 March 2017	**-**	**401**	**401**

The notes on pages 12 to 29 form an integral part of these financial statements.

CASH FLOW STATEMENT

(£ thousands)		Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Cash flows generated from operating activities			
Profit for the period		**411**	**401**
Adjustments for:			
Depreciation and amortisation		129	169
Income tax expense		109	165
Cash flows from operating activities before changes in assets and liabilities		**649**	**735**
Trade receivables		(1,083)	**-**
Other current assets		1,405	(3,102)
Other financial assets		(22,681)	-
Inventories		87	(612)
Accounts payable		2,577	490
Other financial liabilities		10,325	3,811
Other current liabilities		(443)	443
Net cash (used in)/ generated from operating activities		**(9,164)**	**1,765**
Cash flows generated from/(used in) investing activities			
Purchases of property, plant and equipment		(190)	(654)
Proceeds from sale of property, plant and equipment		10	-
Cash paid for intangible assets		(9)	(111)
Issue of short-term loans to group undertakings		-	(1,000)
Repayment of short-term loans to group undertakings		1,000	-
Net cash generated from/(used in) investing activities		**811**	**(1,765)**
Cash flows generated from financing activities			
Proceeds of short-term loans from group undertakings	26	10,893	-
Repayment of short-term loans to group undertakings	26	(2,172)	-
Net cash generated from financing activities		**8,721**	**-**
Net change in cash and cash equivalents		**368**	**-**
Cash and cash equivalents at beginning of year/period		-	-
Cash and cash equivalents at the end of the year/period		**368**	**-**

The notes on pages 12 to 29 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 the participation in Formula-E motor racing events.

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

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

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

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

GOING CONCERN

The directors have considered the financial position of the company at 31 March 2018 (net assets of £812,000 (2017: £401,000)) and the projected cash flows and financial performance of the company for at least 12 months from the date of approval of these financial statements. The directors consider, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the company, that the company has adequate resources to continue in operation as a going concern for the foreseeable future.

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 income from the provision of services and prize money.

Revenue from the provision of services is recognised over the period in which the company performs its obligations under the contract.

Prize money is recognised as revenue at the point that it is guaranteed in accordance with the rules of the racing championship.

Revenue from the provision of services comprises income received from the company's immediate parent company with respect to the services it provides in promoting the respective brands.

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

COST RECOGNITION

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

FOREIGN CURRENCY

The company has a functional and presentation currency of GBP.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the income statement as 'Foreign exchange gain or loss' when applicable.

INCOME TAXES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

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

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

FIXED ASSETS

Property, Plant and equipment

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

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

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

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

Class of property, plant and equipment	Estimated useful life (years)
Plant and Equipment	2 to 3

Intangible assets

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

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

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

Class of intangible assets	Estimated useful life (years)
Software	5 to 6

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

Classification, initial recognition and measurement

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

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

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

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

Other financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Derecognition of financial assets and financial liabilities

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

Impairment of financial assets

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

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers, significant financial difficulty of the customer or bankruptcy. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the income statement.

NEW ACCOUNTING PRONOUNCEMENTS

In the current year, the company adopted the following standards, revisions and amendments to the standards and interpretations (which had a material impact upon the company).

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

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

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

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

IFRS *15 Revenue from Contracts with Customers* replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations (such as IFRIC 13 Customer Loyalty Programmes).

Application of IFRS 15 is mandatory for reporting periods beginning on or after 1 January 2018, although early adoption is permitted. The company will apply IFRS 15 for the first time for the financial year beginning on 1 April 2018.

The company proposes to apply the modified retrospective application approach, meaning that comparative periods are not restated according to IFRS 15. Instead, the cumulative effect of the application of the Standard will be recognised in opening balance sheet reserves.

The new standard identifies a comprehensive five-step model for determining revenue recognition, including the amount and timing that revenue is recognised. This is generally to be applied to all contracts with customers. The model depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

The company does not expect a significant impact on the financial statements from IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

IFRS 16 *'Leases'* sets out a new approach to accounting for leases by lessees. Whilst under IAS 17, the accounting treatment of a lease was determined on the basis of the transfer of risks and rewards incidental to ownership of the asset, whereas under the new standard, all leases in general are to be accounted for by the lessee in a similar way to finance lease arrangements. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the adoption of IFRS 15.

The company does not expect a significant impact on the financial statements from IFRS 16.

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

IFRS 17 *Insurance Contracts* was published on 18 May 2017 and replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, such as roadside assistance, entities have an accounting policy choice to account for them in accordance with either IFRS 17 or IFRS 15. Due to the existing operating activities of the company, adoption of IFRS 17 is not expected to have a material impact on either the profitability or the net assets of the company.

IFRIC 23 *Uncertainty over Income Tax Treatments* was published in June 2017 which sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. 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 Interpretation applies to annual reporting periods beginning on or after 1 January 1 2019 with earlier application permitted.

The IASB issued IFRIC 22 *(Foreign Currency Transaction and Advance Consideration*) in December 2016 which clarified accounting requirements with respect to exchange rate to be used for reporting foreign currency transactions when payment is made or received in advance. This is effective for annual periods beginning on or after 1 January 2018. The company is currently assessing the impact of adopting IFRIC 22.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 REVENUE

(£ thousands)	Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Revenue from provision of services	9,641	14,026
Total revenue	**9,641**	**14,026**

4 RACING OPERATING COSTS

(£ thousands)	Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Race operating expenses	5,042	4,498
Race logistics costs	149	379
Total race operating costs	**5,191**	**4,877**

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 period of April 2017 to March 2018, with the exception of one, 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).

For the period January 2018 to March 2018, one of the directors received remuneration relating to his qualifying service as a director of the companytotaling £42,554. This amount was paid by Jaguar Land Rover Deutschland GmbH and Jaguar Land Rover Limited and has not been recharged.

Retirement benefits accruing to the directors are included in the financial statements of Jaguar Land Rover Limited for the year ended 31 March 2018.

6 PROFIT BEFORE TAX

Auditor's remuneration for the current financial year 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 (2017: £18,000). The company incurred no non-audit fees in either the current financial year or prior financial period.

7 OTHER EXPENSES

(£ thousands)	Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Works, operations and other costs	3,770	1,527
Research and development costs	-	4,260
Publicity	-	2,627
Foreign exchange loss	4	-
Total other expenses	**3,774**	**8,414**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 FINANCE EXPENSE

(£ thousands)	Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Total interest expense on financial liabilities measured at amortised cost	27	-
Total finance expense	**27**	**-**

9 TAXATION

Recognised in the income statement

(£ thousands)	Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Current tax expense	104	170
Deferred tax	5	(5)
Total income tax expense	**109**	**165**

Reconciliation of effective tax rate

(£ thousands)	Year ended 31 March 2018	Fourteen month period ended 31 March 2017
Profit for the year/period	411	401
Total income tax expense	109	165
Profit before tax	**520**	**566**
Income tax at 19% (2017: 20%)	99	113
Non-deductible expenses	10	52
Total income tax expense	**109**	**165**

The company has no recognised deferred tax liabilities at 31 March 2018 or 31 March 2017.

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

(£ thousands)	Plant and equipment	Total
Cost		
Balance on incorporation	-	-
Additions	654	654
Balance at 31 March 2017	**654**	**654**
Additions	190	190
Disposals	(10)	(10)
Balance at 31 March 2018	**834**	**834**
Accumulated depreciation		
Balance on incorporation	-	-
Depreciation charge for the period	145	145
Balance at 31 March 2017	**145**	**145**
Depreciation charge for the year	96	96
Balance at 31 March 2018	**241**	**241**
Net book value		
At 31 March 2018	**593**	**593**
At 31 March 2017	**509**	**509**

11 INTANGIBLE ASSETS

(£ thousands)	Software	Total
Cost		
Balance on incorporation	-	-
Additions	111	111
Balance at 31 March 2017	**111**	**111**
Additions	9	9
Balance at 31 March 2018	**120**	**120**
Accumulated amortisation		
Balance on incorporation	-	-
Amortisation charge for the period	24	24
Balance at 31 March 2017	**24**	**24**
Amortisation charge for the year	33	33
Balance at 31 March 2018	**57**	**57**
Net book value		
At 31 March 2018	**63**	**63**
At 31 March 2017	**87**	**87**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 DEFERRED TAX ASSETS

Components of the deferred tax asset are as follows:

(£ thousands)	Balance at 31 March 2017	Recognised in profit or loss	Balance at 31 March 2018
Deferred tax assets			
Property, plant & equipment	5	(5)	-
Totat deferred tax asset	**5**	**(5)**	**-**

(£ thousands)	Balance on incorporation	Recognised in profit or loss	Balance at 31 March 2017
Deferred tax assets			
Property, plant & equipment	-	5	5
Totat deferred tax asset	**-**	**5**	**5**

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

13 CASH AND CASH EQUIVALENTS

As at 31 March (£ thousands)	2018	2017
Cash and cash equivalents	368	-
Total cash and cash equivalents	**368**	**-**

14 TRADE RECEIVABLES

As at 31 March (£ thousands)	2018	2017
Trade receivables	1,083	-
Total trade receivables	**1,083**	**-**

15 INVENTORIES

As at 31 March (£ thousands)	2018	2017
Raw materials and consumables	525	612
Total inventories	**525**	**612**

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

16 OTHER CURRENT ASSETS

As at 31 March (£ thousands)	2018	2017
Prepaid expenses	1,411	3,102
Recoverable VAT	286	-
Total other current assets	**1,697**	**3,102**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 OTHER CURRENT FINANCIAL ASSETS

As at 31 March (£ thousands)	2018	2017
Amounts owed by Group undertakings	22,681	-
Amounts owed by Group undertakings - short-term borrowings	-	1,000
Total other current financial assets	**22,681**	**1,000**

Amounts owed by Group undertakings are repayable on demand.

18 ACCOUNTS PAYABLE

As at 31 March (£ thousands)	2018	2017
Trade payables	1,307	-
Liabilites for expenses	1,760	490
Total accounts payable	**3,067**	**490**

19 OTHER CURRENT FINANCIAL LIABILITES

As at 31 March (£ thousands)	2018	2017
Amounts owed to Group undertakings	14,126	3,811
Amounts owed to Group undertakings - short-term borrowings	8,721	-
Group tax relief offset	274	170
Interest accrued	10	-
Total other current financial liabilities	**23,131**	**3,981**

Amounts owed by Group undertakings are repayable on demand.

20 OTHER CURRENT LIABILITES

As at 31 March (£ thousands)	2018	2017
Accrued expenses	-	443
Total other current liabilities	**-**	**443**

21 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)	2018	2017
Less than one year	146	193
Total lease payments	**146**	**193**

The total operating lease charge recognised in the income statement in the year was £420,000 (2017: £399,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 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.

23 COMMITMENTS AND CONTINGENCIES

The company had no commitments or contingencies as at 31 March 2018 or 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 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 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
Total financial assets	**22,681**	**22,681**	**22,681**

Financial liabilities

(£ thousands)	Other financial liabilities	Total carrying value	Total fair value
Other financial liabilities	23,131	23,131	23,131
Total financial liabilities	**23,131**	**23,131**	**23,131**

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 2017:

Financial assets

(£ thousands)	Loans and receivables	Total carrying value	Total fair value
Other financial assets	1,000	1,000	1,000
Total financial assets	**1,000**	**1,000**	**1,000**

Financial liabilities

(£ thousands)	Other financial liabilities	Total carrying value	Total fair value
Other financial liabilities	3,981	3,981	3,981
Total financial liabilities	**3,981**	**3,981**	**3,981**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 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 2018:

As at 31 March 2018 (£ millions)	Euro	Total
Financial assets	778	778
Financial liabilities	(525)	(525)
Net exposure asset	**253**	**253**

There were no foreign currency denominated assets and liabilities in the period ended 31 March 2017.

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 2018, short-term borrowings of £8,721,000 (2017: £nil) were owed to Jaguar Land Rover Limited. Short-term borrowings owed to Group undertakings are repayable on demand and subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £87,000 (2017: £ nil) in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 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 2018 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Amounts owed to Group undertakings	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	-	-	-
Liabilites for expenses	1,760	1,760	1,760	-	-	-
Total contractual maturities	**26,198**	**26,198**	**26,198**	**-**	**-**	**-**

As at 31 March 2017 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Amounts owed to Group undertakings	3,981	3,981	3,981	-	-	-
Liabilites for expenses	490	490	490	-	-	-
Accrued expenses	443	443	443	-	-	-
Total contractual maturities	**4,914**	**4,914**	**4,914**	**-**	**-**	**-**

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
24 FINANCIAL INSTRUMENTS (CONTINUED)

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure.

Financial assets
None of the company's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2018 (2017: no indications) that defaults in payment obligations will occur.

The company has reviewed trade and other receivables not yet due and not impaired and no material issues have been identified. There is a provision against trade receivables net yet due of £14,000 (2017: £nil) in the year ended 31 March 2018. There are no trade and other receivables past due for the year ended 31 March 2018 (2017: £nil).

25 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 NOTES TO THE CASH FLOW STATEMENT

(A) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(£ millions)	Short-term borrowings
Proceeds from short-term loans from group undertakings	10,893
Repayment of short-term loans from group undertakings	(2,172)
Balance at 31 March 2018	**8,721**

27 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.

- The receivable amounts of £22,415,000 (2017: £nil) are due from the immediate parent company. The receivable amounts of £266,000 (2017: £nil) are due from other Group companies. See note 17.
- The payable amounts of £14,377,000 (2017: £3,981,000) are due to the immediate parent company. The payable amounts of £33,000 (2017: £nil) is due to other Group companies. See note 19.
- A short term loan of £8,721,000 is due to the immediate parent company. See note 19. In the period ended 31 March 2017 a short term loan of £1,000,0000 was due from the immediate parent company. See note 17.

Compensation of key management personnel is borne by the immediate parent company, Jaguar Land Rover Limited and by Jaguar Land Rover Deutschland, and is not recharged to the company.

28 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 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.