

Jaguar Racing Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number: 09983877

For the fourteen month period ended 31 March 2017

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

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

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STRATEGIC REPORT

The directors present their strategic report for Jaguar Racing Limited ('the company' or 'Jaguar Racing') for the fourteen month period from incorporation on 2 February 2016 through to 31 March 2017.

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.

Business review

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

Jaguar Racing's inaugural year in the championship was a development and learning year for the new team. Key learnings from this season will allow the team to build a platform for success in the future.

Jaguar Racing has also put in place 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. We are also pleased to have contracted drivers Adam Carroll and Mitch Evans who both bring a wealth of experience and capability that will help to achieve our team goals this season.

We are also proud to have secured key commercial sponsors Panasonic and Lear Corporation. Both are highly respected blue chip, multi-national companies and provide strength and opportunity for the team. Jaguar Racing is focused to supporting our partners' objectives and forging long term relationships with Panasonic, Lear and future commercial partnerships.

Future developments

The company's objective is to build on the learnings from our first season and win races in the future. 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 championship success in the future.

Jaguar Racing will continue to explore further opportunities to raise awareness and promote Jaguar Land Rover's Battery Electric Vehicle plans.

Key performance indicators

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

KPI	2017	Commentary
Races entered (both cars finished)	3 (2)	The team completed all three races before 31 March 2017 of the Formula E season during the period including Hong Kong, Marrakesh and Buenos Aires.
Number of sponsors	2	Two key sponsorship contracts were signed for the first season: Panasonic (Title Sponsor) and Lear Corporation (Official Partner)
Cost base – total of Racing Operating Costs, Other expenses and Depreciation and Amortisation	£13,460k	Costs were in line with the directors' expectations for the first period of operations
Global Media Reach – the probable number of readers/viewers exposed to Jaguar Racing brand	60 Million people	Global Media reach for Season 3 including the team launch, Hong Kong, Marrakesh and Buenos Aires.

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

STRATEGIC REPORT (CONTINUED)

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, the ability for the company to secure and retain sponsorship, control of the cost base to develop a 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
16 June 2017

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 fourteen month period from incorporation on 2 February 2016 through to 31 March 2017.

Financial result

The income statement shows a profit after tax for the financial period of £401,000.

Dividends

The directors do not propose a dividend for the period ended 31 March 2017.

Directors

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

K. J. Benjamin (appointed 2 February 2016)
B. J. Carsley (appointed 2 February 2016)
G. E. Mauser (appointed 2 February 2016)
N. M. Rogers (appointed 2 February 2016)
Dr. R. D. Speth (appointed 2 February 2016)
W. K. Epple (appointed 2 February 2016), (resigned on 31 May 2016)

Directors' indemnities

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

Going concern

The directors have considered the financial position of the company at 31 March 2017 (net assets of £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.

Political donations

The company made no political donations in the period.

Research and development activities

The company has incurred £4,260,000 of research and development costs during the financial period. The company will continue to invest in the research and development of electric vehicle technologies.

Independent auditor

During the period Deloitte, LLP was appointed as the company's auditor.

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

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,



S. L. Pearson
Company Secretary
16 June 2017

Registered Address
Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

We have audited the financial statements of Jaguar Racing Limited for the period ended 31 March 2017 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

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



Kate Hadley (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

16 June 2017

INCOME STATEMENT

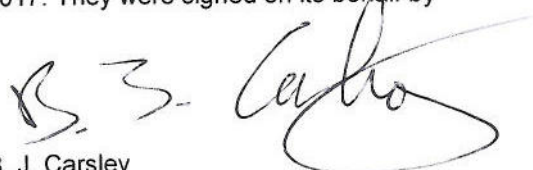
Fourteen month period ended 31 March (£ thousands)	Note	2017
Revenue	3	14,026
Racing operating costs	4	(4,877)
Other expenses	7	(8,414)
Depreciation and amortisation	9, 10	(169)
Profit before tax		566
Income tax expense	8	(165)
Profit for the period		401

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

BALANCE SHEET

As at (£ thousands)	Note	2017
Non-current assets		
Property, plant and equipment	9	509
Intangible assets	10	87
Deferred tax assets	11	5
Total non-current assets		601
Current assets		
Inventories	12	612
Other current assets	13	3,102
Other financial assets	14	1,000
Total current assets		4,714
Total assets		5,315
Current liabilities		
Other financial liabilities	15	4,471
Other current liabilities	16	443
Total current liabilities		4,914
Total liabilities		4,914
Equity attributable to shareholders		
Share capital	18	-
Reserves		401
Equity attributable to shareholders		401
Total liabilities and equity		5,315

These financial statements were approved by the Board of Directors and authorised for issue on 16 June 2017. 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 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

CASH FLOW STATEMENT

Fourteen month period ended 31 March (£ thousands)	2017
Cash flows from/used in operating activities	
Profit for the period	401
Adjustments for:	
Depreciation and amortisation	169
Income tax expense	165
Cash flows from operating activities before changes in assets and liabilities	735
Other current assets	(3,102)
Inventories	(612)
Other financial liabilities	4,301
Other current liabilities	443
Cash generated used in operations	1,765
Net cash used in operating activities	1,765
Cash flows used in investing activities	
Purchases of property, plant and equipment	(654)
Acquisition of intangible assets	(111)
Issue of short-term loans to group undertakings	(1,000)
Net cash used in investing activities	(1,765)
Net change in cash and cash equivalents	-
Cash and cash equivalents on incorporation	-
Cash and cash equivalents at the end of the period	-

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

The company was incorporated on 2 February 2016.

The company is an indirect subsidiary of Tata Motors Limited, India ('Tata Motors Limited'). The company's principal activity during the period 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 2017 (net assets of £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 IFRSs 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. Those which are significant to the company are discussed separately below:

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Revenue – the company applies judgement in determining the release of deferred revenue over the period of the sponsorship agreement and in relation to the fair value of revenue to defer for some of the performance obligations of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Revenue principally comprises income from the provision of services and prize money.

Revenue from the provision of services is deferred and 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. This is the point that the team wins enough points to guarantee a top 3 finish in the championship.

In certain cases the company enters into agreements with suppliers whereby goods and services are received in exchange for various marketing activities. In such cases, revenue is recorded at the fair value of the goods or services rendered.

Revenue from the provision of services comprises income received from the company's immediate parent company and third party sponsors 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.

EXPENDITURE ON RACING CARS

Research and development expenditure in relation to the racing cars is charged to the income statement during the race seasons in which the car is used. The Board considers that research continues to play a vital role in the company's success. Development costs are carried forward to the following year where the criteria for deferral under accounting standards is met.

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'.

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 less 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 & machinery assets in the notes to the accounts.

Depreciation is provided 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 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 provided 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

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

Other financial liabilities

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 REVENUE

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

4 RACING OPERATING COSTS

Fourteen month period ended 31 March (£ thousands)	2017
Race operating expenses	4,498
Race logistics costs	379
Total race operating costs	4,877

5 EMPLOYEE COSTS AND DIRECTORS' EMOLUMENTS

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

The directors did not receive remuneration for their services specifically to this company. Emoluments are paid by the immediate parent company, Jaguar Land Rover Limited, and are not recharged. Retirement benefits accruing to the directors are disclosed in the financial statements of Jaguar Land Rover Limited for the year ended 31 March 2017.

6 PROFIT BEFORE TAX

Auditor's remuneration for the current financial period is borne by the immediate parent company, Jaguar Land Rover Limited, and is not recharged. The company's allocation for fees payable to the company's auditor for the audit of the annual financial statements is £18,000. The company incurred no non-audit fees in the current financial period.

7 OTHER EXPENSES

Fourteen month period ended 31 March (£ thousands)	2017
Works, operations and other costs	1,527
Research and development costs	4,260
Publicity	2,627
Total other expenses	8,414

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAXATION

Recognised in the income statement

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

Reconciliation of effective tax rate

Fourteen month period ended 31 March (£ thousands)	2017
Profit for the period	401
Total income tax expense	165
Profit before tax	566
Income tax at 20%	113
Non-deductible expenses	52
Total income tax expense	165

The company has no recognised deferred tax liabilities at 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 period and included provisions for a further reduction in the UK corporation tax rate to 17 per cent with effect from 1 April 2020.

9 PROPERTY, PLANT AND EQUIPMENT

(£ thousands)	Plant and equipment	Total
Cost		
Balance on incorporation	-	-
Additions	654	654
Balance at 31 March 2017	654	654
Accumulated depreciation		
Balance on incorporation	-	-
Depreciation charge for the period	145	145
Balance at 31 March 2017	145	145
Net book value		
At 31 March 2017	509	509

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INTANGIBLE ASSETS

(£ thousands)	Software	Total
Cost		
Balance on incorporation	-	-
Additions	111	111
Balance at 31 March 2017	111	111
Accumulated amortisation		
Balance on incorporation	-	-
Amortisation charge for the period	24	24
Balance at 31 March 2017	24	24
Net book value		
At 31 March 2017	87	87

11 DEFERRED TAX ASSETS

Components of the deferred tax asset are as follows:

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

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

12 INVENTORIES

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

Cost of inventories (including cost of purchased products) recognised as an expense during the financial period amounted to £198,000.

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

13 OTHER CURRENT ASSETS

As at 31 March (£ thousands)	2017
Accrued income and prepayments	3,102
Total other current assets	3,102

14 OTHER CURRENT FINANCIAL ASSETS

As at 31 March (£ thousands)	2017
Amounts owed by Group undertakings	1,000
Total other current financial assets	1,000

Amounts owed by Group undertakings are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 OTHER CURRENT FINANCIAL LIABILITIES

As at 31 March (£ thousands)	2017
Amounts owed to Group undertakings	4,301
Group tax relief offset	170
Total other current financial liabilities	4,471

16 OTHER CURRENT LIABILITES

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

17 LEASES

There were no finance leases in the period.

Non-cancellable operating lease rentals are payable as follows:

As at 31 March (£ thousands)	2017
Less than one year	193
Total lease payments	193

The total operating lease charge recognised in the income statement in the period was £399,000.

18 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.

In the fourteen month period ended 31 March 2017, the company issued 1 share at its nominal value of £1.

19 COMMITMENTS AND CONTINGENCIES

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 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.

Financial assets and liabilities.

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

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	4,471	4,471	4,471
Total financial liabilities	4,471	4,471	4,471

21 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 if required, immediate parent company loans.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 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.

- £11,952,000 of revenue for services in note 3 was for services provided to the immediate parent company.
- A short term loan of £1,000,000 is due from the immediate parent company – see note 14.
- Software development costs of £111,000 were incurred by the immediate parent company and billed to the company – see note 10.
- The payable amounts of £4,471,000 are due to the immediate parent company – see note 15.

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

23 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.