

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Audited Annual Financial Statements

for the year ended 31 March 2019

Preparation supervised by Liaan Kretzschmar CA(SA) (Finance Director)

The financial statements represents the financial information of Jaguar Land Rover South Africa (Pty) Ltd and have been audited in compliance with s30 of the Companies Act of 2008

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2019

INDEX

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

General Information	2
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 25
Notes to the Financial Statements	26 - 43

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2019

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Acting as principal in the sale and marketing of vehicles, parts and accessories and the provision of related services
DIRECTORS	<p>Brian John Hastie (Appointed 17 August 2012)</p> <p>Nigel William Clarke (Appointed 17 August 2012)</p> <p>Liaan Etienne Kretschmar (Appointed 22 January 2014)</p> <p>Martin Charles Howie (Resigned 31 March 2019)</p> <p>Sharnie Malan (Appointed 1 February 2017)</p> <p>Richard Gouverneur (Appointed 1 August 2014)</p> <p>Lisa Karryn Mallett (Appointed 1 March 2014)</p>
REGISTERED OFFICE	<p>28 Victoria Link</p> <p>Route 21 Corporate Park</p> <p>Nellmapius Drive</p> <p>Irene X30</p> <p>0184</p>
POSTAL ADDRESS	<p>Private Bag X2</p> <p>Pierre van Ryneveld</p> <p>0045</p> <p>0184</p>
BANKERS	Standard Bank of South Africa
AUDITORS	<p>KPMG Inc.</p> <p>Registered Auditors</p>
COMPANY SECRETARY	Vacant
HOLDING COMPANY	Jaguar Land Rover (South Africa) Holdings Limited incorporated in the United Kingdom

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2019

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, KPMG Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' audit report is presented on pages 6 to 8.

The annual financial statements as set out on pages 9 to 43 were approved by the board on 7 June 2019 and were signed on their behalf by:



Liaan Etienne Kretschmar



Brian Hastie

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2019

Directors' Report

The directors present their report for the year ended 31 March 2019.

1. Review of activities

Main business and operations

The principal activity of the company is acting as principal in the sale and marketing of vehicles, parts and accessories and the provision of related services and there were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

7. Dividends

Dividends of R 292,000,000 (2018: R 339,010,000) were paid to the shareholder.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2019

Directors' Report

8. Directors

The directors of the company during the year and to the date of this report are as follows:

Brian John Hastie
Nigel William Clarke
Liaan Etienne Kretzschmar
Richard Gouverneur
Lisa Karryn Mallet
Sharnie Malan
Martin Charles Howie

9. Secretary

The company's designated secretary is Vacant.

10. Shareholder

There has been no changes in ownership and the shareholder remains:

	%
Jaguar Land Rover (South Africa) Holdings Limited	100

11. Independent Auditors

KPMG Inc. were the independent auditors for the year under review.

KPMG Inc. were reappointed as independent auditors of Jaguar Land Rover South Africa (Pty) Ltd.



KPMG Inc.
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa

Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Internet kpmg.co.za

Independent Auditor's Report

To the Shareholder of Jaguar Land Rover South Africa (Pty) Ltd

Opinion

We have audited the financial statements of Jaguar Land Rover South Africa (Pty) Ltd (the company) set out on pages 9 to 43 which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jaguar Land Rover South Africa (Pty) Ltd as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the Directors' Responsibilities and Approval. Other information does not include the financial statements and our auditor's report thereon.

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005

Registration number 1999/021543/21

Executive Chairman Prof Wiseman Nkuhlu

Directors Full list on website

The company's principal place of business is at KPMG Crescent

85 Empire Road, Parktown, where a list of the directors' names is available for inspection.



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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

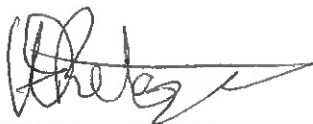
A handwritten signature in black ink, located in the bottom right corner of the page.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG Inc.



Per W Pretorius
Chartered Accountant (SA)
Registered Auditor
Director
7 June 2019

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements as at 31 March 2019

Statement of Financial Position

Figures in R `000	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	6	37,745	20,536
Deferred taxation assets	14	178,627	172,750
		216,372	193,286
Current Assets			
Inventories	7	1,258,727	1,209,617
Current taxation asset	24	23,106	18,322
Related party receivables	17	63,150	54,532
Trade and other receivables	8	158,391	202,599
Cash and cash equivalents	9	234,150	303,064
		1,737,524	1,788,134
Total Assets		1,953,896	1,981,420
Equity and Liabilities			
Equity			
Share capital	10	1	1
Retained earnings		154,005	385,721
		154,006	385,722
Non-Current Liabilities			
Provisions	15	258,966	256,616
Long-term employee benefit obligations	12	1,793	1,901
Deferred revenue	13	365,589	361,803
		626,348	620,320
Current Liabilities			
Provisions	15	174,770	163,768
Trade and other payables	16	577,587	403,928
Related party payables	17	249,869	210,892
Deferred revenue	13	171,316	196,790
		1,173,542	975,378
Total Liabilities		1,799,890	1,595,698
Total Equity and Liabilities		1,953,896	1,981,420

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Statement of Comprehensive Income for the year

Figures in R `000	Note(s)	2019	2018
Revenue	19	4,863,867	5,343,483
Cost of sales		<u>(4,412,725)</u>	<u>(4,788,327)</u>
Gross profit		451,142	555,156
Other gains/(losses)	20	(498)	502
Marketing expenses		(194,133)	(219,958)
Administration expenses		<u>(199,918)</u>	<u>(145,581)</u>
Operating profit	21	56,593	190,119
Investment income	22	20,730	44,010
Finance costs	23	<u>(1,268)</u>	<u>(448)</u>
Profit before taxation		76,055	233,681
Taxation expense	24	<u>(15,771)</u>	<u>(64,032)</u>
Profit for the year		<u>60,284</u>	<u>169,649</u>

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Statement of Changes in Equity

Figures in R '000	Share capital	Retained earnings	Total
Balance at 1 April 2017	1	555,082	555,083
Total comprehensive income for the year			
Profit for the year		169,649	169,649
Total comprehensive income for the year	-	169,649	169,649
Dividends paid		(339,010)	(339,010)
Balance at 31 March 2018	1	385,721	385,722
Balance at 1 April 2018	1	385,721	385,722
Total comprehensive income for the year			
Profit for the year		60,284	60,284
Total comprehensive income for the year	-	60,284	60,284
Dividends paid		(292,000)	(292,000)
Balance at 31 March 2019	1	154,005	154,006
Note	10		

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Statement of Cash Flows

Figures in R `000	Note(s)	2019	2018
Cash flows from operating activities			
Profit for the year		60,284	169,649
<i>Adjustments for:</i>			
Finance costs	23.	1,268	448
Income tax expense recognised in profit and loss	24.	15,771	64,032
Depreciation of Tangible assets		3,334	3,013
Investment income		(20,730)	(44,010)
Deferred revenue released during the period		(195,919)	-
Increase in expected credit loss		12,562	-
Decrease in provision for impairment and obsolescence of vehicles, parts and accessories		(5,458)	-
Increase in provisions		274,290	-
Decrease in current and long-term employee benefits		(108)	-
Operating cash flow before working capital changes		145,294	193,132
<i>Working capital changes</i>			
Decrease in provisions		(260,225)	(2,212)
Decrease in deferred revenue		174,231	(31,626)
Increase in inventories		(43,652)	(132,624)
Decrease in trade and other receivables		31,646	1,243
Decrease in related party balances		30,359	(190,412)
(Decrease)/increase in trade and other payables		173,659	17,769
Cash generated by/(utilised in) operating activities		251,312	(144,730)
Investment income		19,097	44,010
Interest paid	23.	(348)	(448)
Income tax paid		(26,432)	(68,908)
Net cash from operating activities		243,629	(170,076)
Cash flows from investing activities			
Property, plant and equipment acquired	6.	(20,543)	(7,730)
Net cash utilised in investing activities		(20,543)	(7,730)
Cash flows from financing activities			
Dividends paid	18.	(292,000)	(339,010)
Net cash utilised in financing activities		(292,000)	(339,010)
Decrease in cash and cash equivalents		(68,914)	(516,816)
Cash and cash equivalents at beginning of the year		303,064	819,880
Cash and cash equivalents at end of the year	9	234,150	303,064

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

1. General information

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Standards Board (IASB) and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB, and the requirements of the Companies Act of South Africa of 2008. A summary of significant accounting policies is set out in note 4.

2. Basis of preparation

The financial statements have been prepared under the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

This is the first set of financial statements in which IFRS 15: Revenue from contracts with customers and IFRS 9: Financial Instruments have been applied.

Changes to significant account policies are described in note 4.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

3. Presentation of the financial statements

All financial statements are presented in South African Rands, which is the company's functional currency. All amounts have been rounded to the nearest thousand, except where otherwise stated.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Changes in accounting policies and disclosures

Adoption of new and revised pronouncements

In the current year, the company has adopted all applicable new and revised IFRSs as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2018.

Each of the relevant new accounting pronouncements has been assessed below and appropriate changes made to the financial statements where necessary. Disclosure has been included in the financial statements of this assessment and the impact on the results and disclosures.

At the date of authorisation of these financial statements for the year ended 31 March 2019, the following IFRSs were adopted:

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

IFRS / IFRIC	Title and details	Effective
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2018
IFRS 15	Revenue from contracts with customers	Annual periods beginning on or after 1 January 2018
IFRIC 22	Foreign currency transactions and advanced considerations	Annual periods beginning on or after 1 January 2018
Clarifications to IFRS 15	Revenue from contracts with customers	Annual periods beginning on or after 1 January 2018

Application of IFRS 9: Financial Instruments

The Company has applied IFRS 9 from 1 April 2018. The Company has noted that there is not a material impact on the financial statements for the classification and measurement of financial instruments. As a result, the comparative information provided in the 2017 and 2018 Financial Statements continues to be accounted for in accordance with the Company's previous accounting policy for the classification and measurement of financial instruments.

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

The Company has undertaken an assessment of classification and measurement on transition and has not identified a significant impact on the financial statements.

The Company has undertaken an assessment of the impairment provisions, especially with regards to trade receivables and has applied the simplified approach under the standard. The Company operates with major financial institutions who take on the principal risks of sales to customers and consequently the Company receives full payment for these receivables within 0 to 30 days after conclusion of the sale. Therefore the Company has concluded that there is no material impact under the standard for remeasurement of impairment provisions and no transition adjustments have been made.

Application of IFRS 15: Revenue from Contracts with Customers

The Company adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 April 2018. The new standard replaces the requirements under IAS 18 Revenue as well as the related interpretations. The primary purpose of the new standard is to specify a set of consistently applicable underlying revenue recognition principles across all sectors, industries, and types of arrangements. As a result, the Company has amended its accounting policy for revenue recognition as described in Note 4.9.

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

IFRS 15 describes a comprehensive, logical five-step model for determining revenue recognition, including the amount and timing upon which revenue is recognized. It requires the Company:

1. To identify the contract with a customer;
2. To identify the related performance obligations and distinct promises made by the Company to the customer within the contract;
3. To determine the transaction price, representing the amount of consideration that the Company expects to be entitled to under the contract;
4. To allocate that contractual transaction price to each performance obligation on a standalone selling price basis (or a valid, reasonable alternative if the standalone selling price is not available), and;
5. To recognise revenue at a point in time or over time depending on the satisfaction of each performance obligation. This coincides with when the underlying control of a good or service is transferred to the customer.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

The implementation of IFRS 15 has had no impact on the timing of revenue recognition associated to the sale of the physical vehicles, parts, and accessories, being the Company's core revenue-generating streams, and ultimately remains in a manner consistent with prior years. The Company considered the primary impact of IFRS 15 on the following areas:

Sales with multiple performance obligations

Previously, the Company accounted for separately identifiable components of sales in accordance with IAS 18. Under IFRS 15, the Company considers additional performance obligations that are required to be accounted for appropriately on a stand-alone selling price basis, for example, additional obligations of the Company when selling vehicles to its customers, including transportation.

This has further resulted in considerations of whether the Company is a principal or an agent in fulfilling these performance obligations. As a principal, the Company itself considers that it is ultimately responsible for fulfilling that obligation to the customer and as an agent, the Company considers that it arranges for an obligation on behalf of its customer. The difference in accounting treatment is to present revenues and costs on a gross basis as a principal, and on a net basis as an agent.

This did not result in any changes to the Company's revenue recognition.

Consideration payable to customers

The Company supports its retail network (being customers of the Company) through various marketing, training, and development initiatives. This results in disbursements made either directly to its customers, or to third parties on behalf of its customers. The Company has considered whether a service that can be fair valued is received in exchange for making such disbursements, in which case an expense continues to be recognised. If not, then such amounts are treated as reductions to revenue as part of the overall customer relationship, as they ultimately reduce the amount of consideration that the Company is entitled to as part of the customer contract.

This did not result in any changes to the Company's revenue recognition.

Estimation considerations

IFRS 15 requires the Company to consider the application of its revenue recognition principles, and to ensure that revenue is depicted in a way that reflects the amount of consideration that it expects to be entitled to. The Company has assessed the means by which such provisions of IFRS 15 impact its operations and concluded it had no impact.

This did not result in any changes to the Company's revenue recognition.

Warranty

The Company has assessed whether the warranty provided includes a service element (i.e. going beyond simply providing an assurance that a good continues to meet its agreed-upon specification) and accounts for these services as performance obligations associated with the sale of the vehicle.

This did not result in any changes to the Company's revenue recognition.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

4.2 New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the financial year beginning 1 April 2018 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The Board anticipates that the new standards, amendments and interpretations will be adopted in the company's financial statements when they become effective.

IFRS / IFRIC	Title and details	Effective
IFRS 16	Leases - Original issue	Annual periods beginning on or after 1 January 2019
IFRIC 23	Uncertainty over income tax treatments	Annual periods beginning on or after 1 January 2019
Amendments to IFRS 9	Prepayment features with negative compensation	Annual periods beginning on or after 1 January 2019

The company has assessed where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods. The impact of IFRIC 23 and IFRS 9 is not expected to be material to the presentation of the Financial Statements. Refer to the accounting policy on leases for further information on the adoption of IFRS 16 (note 4.4).

4.3 Property, Plant and Equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that the future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is stated at cost less depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives.

The major categories of property, plant and equipment are depreciated over the following useful lives:

Computer equipment	10 years
Office furniture and fixtures	3 - 12.5 years
Office machines	12.5 years
Computer software	3 years

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

Marketing equipment	5 years
Leasehold improvements	As per the lease term

The carrying amounts of the company's tangible assets are reviewed at each year end to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the greater of its fair value less cost to sell and its value in use.

4.4 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the company. All other leases are classified as operating leases.

4.4.1 Leases of land and building

When a lease includes both land and buildings elements, an entity assesses the classification of each element as a finance or an operating lease separately in the same way as leases of other assets.

4.4.2 Operating leases

Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease after taking into account any fixed escalation clauses. Contingent rents are charged as an expense in the periods in which they are incurred.

Contingent rents are charged as an expense in the periods in which they are incurred.

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

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

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

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

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

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

Management is currently in the process of assessing the impact of IFRS 16.

4.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula for parts and accessories and specific identification of vehicles. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4.6 Financial instruments

Recognition and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

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

Initial measurement

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

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

b

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

Classification and measurement - financial assets

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

Financial assets are classified into three categories:

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

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss. This category can also include financial assets that are equity instruments which have been irrevocably designated at initial recognition as fair value through other comprehensive income. For these assets, there is no expected credit loss recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract, or investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied.

Classification and measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost unless they meet the specific criteria to be recognised at fair value through profit or loss.

Trade and other payables and related party payables are measured at amortised cost using the effective interest method.

Impairment

The Company recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost.

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

The Company adopts the simplified approach permitted in IFRS 9 to apply lifetime expected credit losses to trade receivables and related party receivables, thereby eliminating the need to assess changes in credit risk for those assets. Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of the interest income reverts to the gross basis.

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

Credit risk has increased significantly when the probability of default has increased significantly. Such increases are relative and assessment includes external ratings (where available) or other information such as past due payments. Historic data and forward looking information are also considered.

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

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 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.

Accounting policies after 31 March 2018

The Company has applied IFRS 9 from 1 April 2018 though has noted that there is not a material impact on the financial statements for the classification and measurement of financial instruments. As a result, the comparative information in the Financial Statements continues to be accounted for in accordance with the Company's previous accounting policy.

The Company has undertaken an assessment of classification and measurement on transition and has not identified a material impact on the financial statements.

Trade and other receivables and related party receivables

The Company has undertaken an assessment of the expected credit losses with regards to trade receivables and has applied the simplified approach under the standard. For all principal customers, the Company operates with major financial institutions who take on the principal risks of the majority of sales to customers and consequently the Company receive full payment for these receivables between 0 to 30 days after the conclusion of the sale. Therefore the Company has concluded that there is no material impact under the standard for remeasurement of expected credit losses and no transition adjustment have been made.

Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

None of the Company's cash equivalents, including term deposits with banks, are past due or impaired.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are initially measured at fair value and, subsequently, at amortised cost.

Share capital - ordinary shares

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

4.7 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The company provides post-employment benefits through a defined contribution plan.

Defined contribution plans

The company pays fixed contributions into independent entities in relation to insurance for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the company has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short term bonuses in the company as the company has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Bonus plans

The company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

4.8 Income taxation

Current taxation

Income taxation for the year includes current taxation and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss, except to the extent that the taxation arises from a transaction or event which is recognised directly in equity.

Current taxation liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted at the reporting date.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

Deferred taxation

Deferred taxation assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation assets also arise from unused taxation losses and unused taxation credits.

A deferred taxation liability is recognised for all taxable temporary differences, except to the extent that the deferred taxation liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred taxation asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (taxation loss).

At each reporting date, the company reviews and assesses the recognised and unrecognised deferred taxation assets and the future taxable profit to determine whether any recognised deferred taxation assets should be derecognised and any unrecognised deferred taxation assets should be recognised.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates and taxation laws that have been enacted or substantively enacted by the reporting date. Deferred taxation assets and liabilities are not discounted.

4.9 Revenue recognition

Revenue comprises the consideration earned by the Company in respect of the output of its ordinary activities. It is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates, and sales incentives. The Company considers its primary customers from the sale of vehicles, parts and accessories (its primary revenue-generating streams) are generally retailers, fleet and corporate customers, and other third-party distributors. The Company recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the individual vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily available and observable, it is estimated using an appropriate alternative approach.

Vehicles, parts and accessories (and other goods)

The Company recognises revenue on the sale of vehicles, parts, and accessories at the point of 'wholesale', which is determined by the underlying terms and conditions of the contract with the customer as to when control transfers to them. The overall principle of control under IFRS 15 considers which party has the ability to direct the use of an asset and to obtain substantially all of the remaining economic benefits.

Determining the transfer of control with regards to the sale of goods is driven by a consideration of a number of factors, including:

- The point at which the risks and rewards of ownership pass to the customer;
- The point at which the customer takes physical possession of the good or product;
- The point at which the customer accepts the good or product;
- The point at which the Company has a present right to payment for the sale of the good or product, and;
- The point at which legal title to the good or product transfers to The customer.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

In the vast majority of cases, the sale of the relevant good is recognised at the point of dispatch (at release to the carrier responsible for transportation to the customer), or the point of delivery to the customer, which coincides with the invoicing point. In some instances, revenue may be recognised on a bill-and-hold basis where vehicles, for example, are sold to the customer but are retained in the Company's possession at a vehicle holding compound on behalf of the customer ahead of being physically transferred to them at a future time. Such arrangements meet the criteria for bill-and-hold arrangements under IFRS 15 to ensure that the customer has obtained the ultimate control of the product when revenue is recognised.

The Company operates with financing partners who provide wholesale financing arrangements to the retail network for vehicle sales, which enables cash settlement to occur immediately (usually within 2 working days) for purchases from the Company. For the sale of parts and accessories, the Company typically receives payment in line with the invoice payment terms stipulated and agreed with its customers, which are usually 30 days.

Sales incentives

In accordance with IFRS 15, the costs associated with providing sales support and incentives are considered to be variable components of consideration, thus reducing the amount of revenue recognised by the Company. Under IFRS 15, the Company ensures that variable consideration is recognised to the extent of the amount of consideration to which it ultimately expects to be entitled.

To meet this principle, the Company constrains its estimate of variable consideration to include amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with such variability is subsequently resolved.

The Company considers that the variable consideration received for contracts with multiple performance obligations is allocated to all such obligations only when applicable. In the vast majority of instances, the Company considers that variable components of consideration are allocated only to the relevant and applicable performance obligations. For example, with the sale of a vehicle, the cost of the incentive provided is allocated entirely to the vehicle as its purpose is to incentivise the sale of the vehicle.

Scheduled maintenance contracts

Scheduled maintenance contracts sold with a vehicle provide the end customer with the benefit of bringing their vehicle to a dealership for the routine maintenance required to maintain compliance for warranty purposes.

The Company typically receives payment relating to the scheduled maintenance contract at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price.

The Company recognises revenue for scheduled maintenance contracts based on the expected performance of the services over the period from the point of a vehicle being retailed to an end customer and aligning to the expected costs to fulfil those services.

Warranty considerations as a service

Vehicles and parts sold by the Company include a standard warranty to guarantee the vehicle complies with agreed-upon specifications for a defined period of time.

Where the warranty offering to the customer exceeds the standard market expectation for similar products, or is considered to provide a service to the customer in excess of simply providing assurance that the agreed-upon specification is met, the Company consider the additional warranty to constitute a service to the customer and therefore a separate performance obligation.

Revenue is only recognised in the period to which the warranty service relates, up to which point it is recognised as a contract liability.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

4.10 Interest income

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount.

4.11 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle an obligation are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.12 Warranty

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

The provisions are presented at the present value, using the risk-free rate and the related interest is eliminated to the statement of profit and loss.

5. Critical accounting judgements and key sources of estimation uncertainty

The company's management makes assumptions, estimates and judgements in the process of applying the company's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2019

Accounting Policies

5.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.1.1 Deferred revenue

If the sale of products includes a determinable amount for subsequent services (multiple-component contracts), the related revenues are deferred and recognised as income over the relevant service period. Amounts are normally recognised as income by reference to the pattern of related expenditure.

Deferred revenue per care plan is derived on a cost plus margin basis and includes a risk adjustment for the uncertainty in future costs.

5.1.2 Warranty Provisions

The provisions are presented at present value, using the risk free rate and the related interest is released to the statement of profit and loss.

6

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000 2019 2018

6. Property, plant and equipment

	Cost	Accumulated depreciation	2019 Carrying value	Cost	Accumulated depreciation	2018 Carrying value
<i>Owned assets</i>						
Furniture and fittings	13,519	7,753	5,766	13,519	6,025	7,494
Corporate Identity	7,991	5,939	2,052	7,991	5,846	2,145
Equipment	12,297	3,547	8,750	11,953	2,135	9,818
IT equipment	2,993	2,013	980	2,993	1,914	1,079
Computer software	1,041	1,041	-	1,041	1,041	-
Brand Experience Center	20,197	-	20,197	-	-	-
	58,038	20,293	37,745	37,497	16,961	20,536

The carrying amounts of property, plant and equipment can be reconciled as follows:

	2018 Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	7,494	1	-	(1,729)	5,766
Corporate Identity	2,145	1	-	(94)	2,052
Equipment	9,818	344	-	(1,412)	8,750
IT equipment	1,079	-	-	(99)	980
Computer software	-	-	-	-	-
Brand Experience Center	-	20,197	-	-	20,197
	20,536	20,543	-	(3,334)	37,745

	2017 Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	5,848	3,434	-	(1,788)	7,494
Corporate Identity	2,251	-	-	(106)	2,145
Equipment	6,639	4,166	-	(987)	9,818
IT equipment	1,081	130	-	(132)	1,079
Computer software	-	-	-	-	-
	15,819	7,730	-	(3,013)	20,536

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000	2019	2018
7. Inventories		
Inventories comprise:		
Finished goods - Vehicles	1,028,232	851,699
Finished goods - Parts and accessories	174,354	151,544
Goods in transit - Vehicles	38,265	188,006
Goods in transit - Parts and accessories	32,294	38,244
	<u>1,273,145</u>	<u>1,229,493</u>
Provision for impairment and obsolescence of vehicles, parts and accessories	(14,418)	(19,876)
	<u>1,258,727</u>	<u>1,209,617</u>

Inventories are held at the lower of cost or net realisable value.

The cost of inventories recognised as an expense, includes an amount of R 3 430 000 in respect of reversals of write-downs of slow moving products to net realisable value.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000

8. Trade and other receivables

	2019	2018
Trade debtors	147,874	184,502
Sundry debtors	21,883	19,315
Export rebate receivable	6,703	4,289
	<u>176,460</u>	<u>208,106</u>
Expected credit loss	(18,069)	(5,507)
	<u>158,391</u>	<u>202,599</u>

The following are the major debtors included in the trade receivables at year end:

Wesbank, a division of FirstRand Limited	-	5,913
Barloworld	14,456	13,471
Parts and accessory trade accounts	114,314	118,727
Land Rover Gabarone	3,611	22,928
	<u>132,381</u>	<u>161,039</u>

Analysis of the expected credit loss stages is set out below:

At 31 March 2019

		Expected Credit Loss	Total Receivables
Stage 1	expected loss rate of 3%	(3,467)	110,574
Stage 2	expected loss rate of 1%	(404)	50,504
Stage 3	expected loss rate of 92%	(14,198)	15,382
Total		<u>(18,069)</u>	<u>176,460</u>

At 31 March 2018

The ageing of amounts past due but not impaired is as follows:

1 month past due	45,219
2 months past due	1,462
3 months past due	14,900

Movement in allowance for doubtful debts

Balance at the beginning of the year	(5,653)
Allowances made during the year	146
Balance at the end of the year	<u>(5,507)</u>

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000

	2019	2018
--	------	------

9. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in bank and investments in money market instruments. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Favourable cash balances

Cash and bank balances	234,150	303,064
Guarantees exist as follows:		
- Performance Guarantee - given	11,575	6,755
- Open Trading Facility	1,400	1,400
- Fleet Management Facility	550	550
- Credit Card Facility	550	2,000
- Vehicle and Asset Finance Facility	-	-
	14,075	10,705

The carrying amount of these assets approximates their fair value. Interest at variable rates linked to the prime lending rate is earned on these balances.

10. Share capital

Authorised

1,000 Ordinary shares of R1 each	1	1
----------------------------------	---	---

Issued

2 Ordinary shares of R1 each	1	1
------------------------------	---	---

Any modification to the Company's share capital requires the prior approval of the Shareholders by means of a Special Resolution. No changes were approved or made to the authorised or issued share capital of the company during the year under review.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000	2019	2018
-------------------	------	------

11. Commitments under operating leases

The entity rents three premises under operating leases. The leases are for an average period of five years, with fixed rentals over the same period.

Minimum lease payments under operating leases recognised as an expense during the year	7,238	4,932
--	-------	-------

At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:

Within one year	13,414	4,387
Later than one year but within five years	57,996	-
Later than five years	161,252	-
	<u>232,662</u>	<u>4,387</u>

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000

	2019	2018
--	------	------

12. Long-term employee benefit obligations

The liabilities recognised for pensions and other employee remuneration in the statement of financial position consist of the following amounts:

Non-current:

Defined contribution plans	1,793	1,901
	<u>1,793</u>	<u>1,901</u>

The Company operate a post-employment health care benefit scheme. Only members of the designated scheme who joined the Group on or before 1 January 1996 are eligible for a post-employment health care subsidy, there are currently 3 qualifying employees. The liability is actuarially valued using a projected unit credit method.

The most recent valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 July 2018 by NMG Consultants and Actuaries. The Present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The defined benefit obligation for the reporting periods under review are as follows:

Opening defined benefit obligation	1,901	1,901
Actuarial (gains) / losses	(108)	-
Defined benefit obligation at the end of the period	<u>1,793</u>	<u>1,901</u>

For determination of the pension obligation, the following actuarial assumptions were used:

Discount rate	9.23%	9.03%
Consumer price inflation	6.63%	7.15%
Real discount rate	1.02%	0.35%
Medical cost trend rates	8.13%	8.65%
Fully-accrued age	60 years	60 years
Spouse age difference	Actual	Actual
Continuation at retirement	100 %	100 %
Proportion married at retirement	Actual	Actual

These assumptions were developed by management under consideration of expert advice provided by independent actuarial appraisers. These assumptions have led to the amounts determined as the Company's defined benefit obligations for the reporting periods under review and should be regarded as management's best estimate. However, the actual outcome may vary. Estimation uncertainties exist especially in regards to medical cost trends, which may vary significantly in future appraisals of the Company's defined benefit obligations.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000

13. Deferred revenue

	2019	2018
Total Deferred revenue	(536,905)	(558,593)
Current	(171,316)	(196,790)
Non-current	(365,589)	(361,803)
	(536,905)	(558,593)
Deferred revenue movement:		
Balance at 1 April	(558,593)	(590,219)
Revenue deferred during the period	(174,231)	(182,848)
Revenue released during the period	195,919	214,474
Balance at 31 March	(536,905)	(558,593)

Deferred revenue arises from the advance receipt of service revenue related to Care Plan sales. This revenue is deferred at point of receipt and then recognised as revenue over the life of the service period, with reference to the pattern of the related expenditure incurred.

14. Deferred taxation

Balance at beginning of year	172,750	197,683
<i>Movements consisting of:</i>		
Temporary differences	5,877	(24,933)
Balance at end of year	178,627	172,750
The deferred taxation asset arises from the following temporary differences:		
Property, plant and equipment	3,304	449
Provisions	151,840	157,463
Deferred revenue	149,642	155,889
Allowance for future expenditure	(125,050)	(140,714)
Other	(1,109)	(337)
	178,627	172,750
Deferred tax asset	178,627	172,750

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. At each balance sheet date, the company reviews and assesses the recognised and unrecognised deferred taxation assets as well as the projections of future taxable profit to determine whether any recognised deferred taxation assets should be derecognised and any unrecognised deferred taxation assets should be recognised.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000	2019	2018
15. Provisions		
Total Provisions	(433,736)	(420,384)
Current	(174,770)	(163,768)
Non-current	(258,966)	(256,616)
	(433,736)	(420,384)

Analysis of total provisions

	Legal fees	Warranties	Total
	R'000	R'000	R'000
Balance at 1 April 2017	974	421,622	422,596
Additional provisions recognised	2,708	243,458	246,166
Reductions arising from payments	(1,142)	(247,236)	(248,378)
Interest expenses	-	-	-
Balance at 31 March 2018	2,540	417,844	420,384
Balance at 1 April 2018	2,540	417,844	420,384
Additional provisions recognised	1,538	272,752	274,290
Reductions arising from payments	(2,708)	(257,517)	(260,225)
Interest expenses	-	(713)	(713)
Balance at 31 March 2019	1,370	432,366	433,736

The provision for legal fees relates to the estimated cost of legal fees for litigation cases identified prior to year end.

The company offers warranty cover in respect of manufacturing defects, which become apparent within one to five years after purchase. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The discount on the warranty provision is calculated using a risk-free discount rate as the risks specific to the liability, such as inflation, are included in the base calculation as follows:

- 2020 - 4.70%
- 2021 - 5.20%
- 2022 - 5.20%
- 2023 - 5.20%
- 2024 - 5.20%

The timing of outflows will vary as and when a warranty claim will arise, being typically up to five years.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000	2019	2018
16. Trade and other payables		
Accrued liabilities	530,053	354,638
Sundry creditors	3,625	2,330
Trade creditors	17,870	36,580
Value Added Tax	26,039	10,380
	<u>577,587</u>	<u>403,928</u>

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days and no interest is charged on balances exceeding 60 days. The carrying amounts approximate fair value.

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to statement of financial position date.

All amounts are short term.

17. Related party (payables) / receivables

Amounts owing to Jaguar Land Rover Limited - Ultimate Holding Company	(241,186)	(206,808)
Amounts owing from Jaguar Land Rover (South Africa) Holdings Limited - Holding Company	63,150	54,532
Amounts owing to Spark44 (Pty) Ltd - Fellow Subsidiary	(8,683)	(4,084)
	<u>(186,719)</u>	<u>(156,360)</u>
Current assets	63,150	54,532
Current liabilities	(249,869)	(210,892)
	<u>(186,719)</u>	<u>(156,360)</u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognised in the current or prior periods as an expected credit loss in respect of amounts owed by related parties. No interest is charged on these balances.

All amounts are short term. The carrying amount is considered by management to approximate their fair values.

18. Dividend

Dividends attributable to the current year

Dividend declared and paid :	(292,000)	(339,010)
------------------------------	-----------	-----------

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000

2019

2018

19. Revenue

The following disaggregates revenue by major source:

Vehicle sales	3,906,394	4,336,948
Care Plan sales	189,680	215,383
Vehicle parts and accessory sales	767,793	791,152
	<u>4,863,867</u>	<u>5,343,483</u>

The sale of vehicles includes a determinable amount for subsequent services (multiple-component contracts). The related revenues are deferred at receipt and recognised as revenue over the relevant service period. Care plan sales are recognised as income by reference to the pattern of related expenditure together with a reasonable profit on those services.

The fair value of revenue received in relation to care plan sales is estimated by management. These cost estimates are established using historical information on the nature, frequency and average cost of servicing claims and management estimates regarding possible future incidences based on service schedules. These cost estimates are then inflated by a risk factor, to represent the risk that management carry that actual service costs may vary from planned service costs, as well as a reasonable profit margin and then discounted to present value using a risk-free discount rate in order to determine the fair value of the revenue to be deferred.

The fair value of the revenue deferred is recognised as deferred revenue on the statement of financial position (refer to note 13) and is recognised as revenue by reference to the pattern of the related expenditure incurred over the life of the service period which is a five year period at present.

20. Other gains/(losses)

Other non-turnover items	73	373
Profit / (loss) of foreign exchange	(571)	129
	<u>(498)</u>	<u>502</u>

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000	2019	2018
21. Operating profit		
Operating profit is arrived at after taking into account the following items:		
<i>Income</i>		
Exchange rate profits on foreign exchange	-	129
<i>Expenditure</i>		
Exchange rate losses on foreign exchange	571	-
<i>Depreciation</i>		
<i>Owned assets</i>		
Furniture and fittings	(1,729)	(1,788)
Corporate Identity	(94)	(106)
Equipment	(1,412)	(987)
IT equipment	(99)	(132)
	<u>(3,334)</u>	<u>(3,013)</u>
Audit fees		
- Current	606	198
Premises	<u>7,238</u>	<u>4,932</u>
22. Investment income		
Interest income		
Bank deposits	15,687	41,832
Staff loans	3,410	2,178
Warranty provision	1,633	-
	<u>20,730</u>	<u>44,010</u>
23. Finance costs		
Other interest expenses	348	448
Warranty provision	920	-
	<u>1,268</u>	<u>448</u>

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000	2019	2018
24. Income taxation expense		
Current taxation	19,203	46,103
Underprovision/(overprovision) in prior year	2,445	(7,004)
Deferred taxation		
Current year temporary differences	(2,987)	18,995
(Overprovision)/ underprovision in prior year	(2,890)	5,938
Income taxation for the year	<u>15,771</u>	<u>64,032</u>
Income taxation expense can be reconciled to accounting profit as follows:		
Profit before tax	<u>76,055</u>	<u>233,681</u>
South African normal taxation rate @ 28%	<u>21,295</u>	<u>65,431</u>
<i>Adjusted for:</i>		
Permanent differences	(5,079)	(333)
Prior year adjustments	(445)	(1,066)
Net reduction	<u>(5,524)</u>	<u>(1,399)</u>
Income tax expense recognised in profit or loss	<u>15,771</u>	<u>64,032</u>
South African Receiver of Revenue		
Opening balance	18,322	(11,487)
Current tax expense	(19,203)	(46,103)
(Underprovision)/Overprovision prior year	(2,445)	7,004
Prior year payments made	-	4,483
Provisional payments made	26,432	64,425
Interest accrued	-	-
South African Receiver of Revenue (Payable)/ Receivable	<u>23,106</u>	<u>18,322</u>
Current taxation balances are presented on the face of the statement of financial position as follows:		
Current taxation asset	<u>23,106</u>	<u>18,322</u>
South African Receiver of Revenue Net Payment Due	<u>23,106</u>	<u>18,322</u>

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000

2019

2018

25. Directors' emoluments

Directors emoluments were paid as follows in the current financial period.

Name	Salary	Bonuses and performance related payments	Expense allowance	Medical aid contributions	Provident fund contributions	Other/ Housing Allowance
B Hastie	1,233	138	83	58	185	-
N Clarke	1,190	138	103	59	178	-
L Kretzschmar	1,384	769	124	76	208	-
R Gouverneur	3,469	-	79	117	-	3,386
L Mallett	1,126	150	83	45	169	-
S Malan	1,058	97	110	70	159	-
M Howie	1,094	93	95	32	164	524
	10,554	1,385	677	457	1,063	3,910

Directors emoluments were paid as follows in the prior financial period.

Name	Salary	Bonuses and performance related payments	Expense allowance	Medical aid contributions	Provident fund contributions	Other/ Housing Allowance
B Hastie	1,152	219	100	54	173	-
N Clarke	1,113	197	89	59	166	-
L Kretzschmar	1,294	246	117	70	194	-
R Gouverneur	3,244	-	102	111	-	3,170
L Mallett	1,042	179	92	40	156	-
S Malan	986	-	83	65	151	-
M Howie	1,005	96	99	54	151	-
	9,836	937	682	453	991	3,170

b

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000

2019

2018

26. Loans and guarantees to officers

Particulars of loans and guarantee to the officers, all being directors, disclosed pursuant to the Companies Act of South Africa are as follows:

Loans to officers

Name of officer	Balance at 31 March 2019	Balance at 31 March 2018
B Hastie	1,347	2,151
N Clarke	1,256	2,168
M Howie	-	1,571
S Malan	1,543	1,947
L Kretzschmar	648	1,618
R Gouverneur	2,551	1,988
L Mallet	1,519	1,924

The loans to officers are secured, interest bearing at the official rate of interest. Interest to the value of R 783,331 (2018: R 767,000) was charged during the year. The interest charged approximates the amount that would be charged under an arms length transaction.

27. Related party transactions

The holding company of Jaguar Land Rover (South Africa) Holdings Limited is Jaguar Land Rover Limited (UK). During the year the company entered into the following trading transactions with related parties.

Name	Relationship	Transactions	2019	2018
Jaguar Land Rover Limited	Ultimate Holding company	Purchase of goods	2,441,891	2,989,286
Jaguar Land Rover Limited	Ultimate Holding company	Trade Mark Fees	330,298	331,640
Jaguar Land Rover Limited	Ultimate Holding company	Other	(435,805)	1,253

Purchases were made at the approved transfer prices between the related parties.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000

2019

2018

28. Financial instruments

The company has classified its financial assets in the following categories:

	Loans and Receivables (IAS 39)	Change	Amortised Cost (IFRS 9)	Total
2019				
Intra-group loans (note 17)	63,150	-	63,150	63,150
Trade and other receivables (note 8)	158,391	-	158,391	158,391
Cash and cash equivalents (note 9)	234,150	-	234,150	234,150
2018				
Intra-group loans (note 17)	54,532	-	54,532	54,532
Trade and other receivables (note 8)	202,599	-	202,599	202,599
Cash and cash equivalents (note 9)	234,064	-	303,064	303,064

The company has classified its financial liabilities in the following categories

	Other Financial Liabilities (IAS 39)	Change	Financial liabilities amortised cost	Total
2019				
Trade and other payables (note 16)	551,548	-	551,548	1,103,096
Inter-group loans (note 17)	249,869	-	249,869	249,869
2018				
Trade and other payables (note 16)	403,928	-	403,928	403,928
Inter-group loans (note 17)	210,892	-	210,892	210,892

The company is exposed to credit risk and liquidity risk arising in the normal course of its business and financial instruments. The company's risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by closely monitoring the individual exposure.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R `000

2019

2018

28.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The majority of the Company's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments of the Company result in material concentrations of credit risks.

To a lesser extent the Company has an exposure to counterparties on trade receivables and other financial assets. The Company will seek to mitigate credit risk on sales to third parties through the use of payment at the point of delivery and credit limits.

Summary quantitative data

Trade and other receivables (note 8)	158,391	202,599
Cash and cash equivalents (note 9)	234,150	303,064

At 31 March 2019, the company has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

28.2 Liquidity risk

The company is exposed to liquidity risk on financial liabilities. It manages its funds conservatively by maintaining an adequate level of cash and cash equivalents required to meet its continuous operational needs. In addition to the day-to-day cash requirements of the business, the company also holds an additional amount of cash and cash equivalents to make allowance for unexpected cash requirements arising in the normal course of business. Various banking facilities and credit lines have also been arranged with different banks in order to fund any emergency liquidity requirements.

Summary quantitative data

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2019				
Trade and other payables (note 16)	551,548	-	-	-
Inter-group loans (note 17)	249,869	-	-	-
2018				
Trade and other payables (note 16)	403,928	-	-	-
Inter-group loans (note 17)	210,892	-	-	-

28.3 Fair value of financial instrument

The fair value of financial instruments approximates their carrying value because of the short term nature and normal trade terms thereof.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000

2019

2018

28.4 Interest rate risk

The company's exposure on interest rate risk mainly arises from its provisions.

Sensitivity analysis

Should the interest rate used for the discounting of provisions and cash and cash equivalents increase by 1% then the following movements can be expected on the interest charges:

Provisions (note 15) - decrease	4,324	4,179
Cash and cash equivalents (note 9) - increase	2,342	3,031

The opposite would apply if the rate decreases.

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rate represent management's assessment of a reasonably possible change in interest rates at that date over the period until the next annual balance sheet date.

The analysis presented for the comparative period was prepared on the same basis at the time of preparation of the comparative period financial statements.

28.5 Currency risk

The group is exposed to the risk of fluctuations in foreign currencies, as a result of anticipated future transactions in foreign currencies and with foreign companies. The group makes use of forward exchange contracts to manage this risk at a group level and the company does not hedge the risk locally at an aggregate group level.

The risk of foreign currency rate fluctuations is carried on an aggregate basis by the Group parent company to which the company belongs. Therefore, there are no significant transactions and balances denominated in a foreign currency. In the event of any significant fluctuation - expected or unexpected - the minimal foreign currency transactions and balances which the company carries would be monitored and controlled.

In respect of sales and receivables, the company only transacts in South African Rands.

27.6 Fair value Measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly unobservable.

JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2019

Notes to the Financial Statements

Figures in R '000

2019

2018

29. Going Concern

The directors believe that the company will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

Based on our current planning assumptions we expect operating cash flows in 2018/19 to be positive. Our business continues to face a number of risks and uncertainties including the global economic environment, challenges and disruption in the automotive industry and an uncertain credit environment which could materially impact our plan. The material risk which could reasonably have a material impact on our going concern assessment is a significant decline in industry sales volumes, and by extension of our own sales volumes, to levels substantially below our current planning assumptions.

We believe that we would not exceed our present available liquidity. Therefore, we do not believe that these reasonable possible scenarios will cause substantial doubt about our ability to continue as a going concern for the next year.

30. Events after the reporting period

There were no significant events that took place after the reporting period.

