



Jaguar Land Rover Australia Pty Ltd

ACN 004 352 238

Special Purpose Annual Report For the year ended 31 March 2017

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Directors' Report

The directors of Jaguar Land Rover Australia Pty Ltd (the company) submit herewith the annual financial report of the company for the year ended 31 March 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the financial year are:

Mr M. Wiesner
Mr C. Lidis (Resigned 13 December 2016)
Ms J.A. Perich
Mr. A. Phillips (Appointed 13 December 2016)

Principal activities

During the financial year, the company's principal activities were the importation and distribution of Jaguar and Land Rover motor vehicles, replacement parts and accessories.

Review of operations

The net profit after income tax amounted to \$17,130,000 (2016: \$16,411,000).

Dividends

A dividend of \$16,710,000 on ordinary shares was declared and paid during the financial year (2016: \$13,008,000).

Changes in state of affairs

No changes in the state of affairs of the company occurred during the financial year.

Subsequent events

No matter or circumstance has arisen since 31 March 2017 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the company's state of affairs in future financial years.

Future developments

Likely developments in the operations of the company and the expected results of those operations in subsequent financial years have not been included in this report, because the directors believe that to include such information would be likely to result in unreasonable prejudice to the company.

Environmental regulations

The company is subject to environmental regulation in respect of its retail and parts distribution activities. The relevant authorities are kept updated and to the best of the director's knowledge and belief, all responsibilities under the regulations have been discharged and there have been no breaches of any environmental regulation.

Indemnification of officers and auditors

During or since the financial year, the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3 of the annual report.

Rounding off of amounts

The company is a company of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Janet Perich
Director

Sydney
29 May 2017

The Board of Directors
Jaguar Land Rover Australia Pty Ltd
Level 1, 65 Epping Road
North Ryde NSW 2113

29 May 2017

Dear Board Members

Jaguar Land Rover Australia Pty Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Jaguar Land Rover Australia Pty Ltd.

As lead audit partner for the audit of the financial statements of Jaguar Land Rover Australia Pty Ltd for the financial year ended 31 March 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Margaret Dreyer
Partner
Chartered Accountants

Independent Auditor's Report to the members of Jaguar Land Rover Australia Pty Ltd

Opinion

We have audited the financial report, being a special purpose financial report, of Jaguar Land Rover Australia Pty Ltd, which comprises the statement of financial position as at 31 March 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the declaration by directors as set out on pages 7 to 25.

In our opinion, the accompanying financial report of the entity is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the entity's financial position as at 31 March 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors' are responsible for the other information. The other information comprises the directors' report for the year ended 31 March 2017, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 Directors for the Financial Report

Directors of the entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. Directors' responsibility also includes such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.

- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 report 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.



DELOITTE TOUCHE TOHMATSU



Margaret Dreyer
Partner
Chartered Accountants
Sydney, 29 May 2017

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|-----------------|-----------------|
| Revenue from continuing operations | | | |
| Sale of goods | 3 | 1,179,001 | 1,113,136 |
| Other revenue from ordinary activities | 3 | <u>15,838</u> | <u>14,812</u> |
| | | 1,194,839 | 1,127,948 |
| Expenses | | | |
| Cost of sales of goods | | (1,074,253) | (1,016,750) |
| Other expenses from ordinary activities: | | | |
| Administration | | (51,466) | (49,984) |
| Marketing and sales promotion | | <u>(44,670)</u> | <u>(37,725)</u> |
| Profit before income tax | | 24,450 | 23,489 |
| Income tax expense | | <u>(7,320)</u> | <u>(7,078)</u> |
| Profit for the year | 4 | <u>17,130</u> | <u>16,411</u> |
| Other comprehensive income | | - | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | <u>17,130</u> | <u>16,411</u> |

Notes to the financial statements are included on pages 11 to 24.

Statement of Financial Position As at 31 March 2017

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--------------------------------|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 5 | 28,804 | 44,331 |
| Receivables | 6 | 24,285 | 14,523 |
| Interest bearing assets | 7 | 68,340 | 129,427 |
| Prepaid assets | 8 | 452 | - |
| Inventories | 9 | 225,176 | 175,846 |
| Total current assets | | 347,057 | 364,127 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 4,272 | 4,937 |
| Intangible assets | 11 | 1,305 | 1,305 |
| Deferred tax assets | 12 | 34,615 | 22,897 |
| Total non-current assets | | 40,192 | 29,139 |
| Total Assets | | 387,249 | 393,266 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 13 | 266,015 | 309,911 |
| Current tax liabilities | | 9,832 | 950 |
| Provisions | 14 | 31,118 | 26,227 |
| Deferred revenue | 15 | 2,926 | 4,824 |
| Other liabilities | 16 | 176 | 252 |
| Total current liabilities | | 310,067 | 342,164 |
| Non-current liabilities | | | |
| Provisions | 17 | 32,222 | 26,387 |
| Deferred revenue | 18 | 27,129 | 7,304 |
| Total non-current liabilities | | 59,351 | 33,691 |
| Total Liabilities | | 369,418 | 375,855 |
| Net assets | | 17,831 | 17,411 |
| EQUITY | | | |
| Issued capital | 19 | 700 | 700 |
| Retained profits | 20 | 17,131 | 16,711 |
| Total Equity | | 17,831 | 17,411 |

Notes to the financial statements are included on pages 11 to 24.

Statement of Changes in Equity

For the year ended 31 March 2017

| | Notes | Issued Capital \$'000 | Reserves \$'000 | Retained Profits \$'000 | Total \$'000 |
|---------------------------------|--------|-----------------------------|--------------------|-------------------------------|-----------------|
| Balance at 1 April 2015 | 19, 20 | 700 | | 13,308 | 14,008 |
| Profit for the year | | - | - | 16,411 | 16,411 |
| Dividends paid | | - | - | (13,008) | (13,008) |
| Balance at 31 March 2016 | | 700 | - | 16,711 | 17,411 |
| Profit for the year | | - | - | 17,130 | 17,130 |
| Dividends paid | | - | - | (16,710) | (16,710) |
| Balance at 31 March 2017 | 19, 20 | 700 | - | 17,131 | 17,831 |

Notes to the financial statements are included on pages 11 to 24.

Statement of Cash Flows

For the year ended 31 March 2017

| | Notes | 2017 \$'000 | 2016 \$'000 |
|--|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipt from customers | | 1,331,561 | 1,267,708 |
| Payments to suppliers and employees | | (1,383,312) | (1,202,530) |
| Interest received | | 3,348 | 3,407 |
| Income taxes paid | | (10,156) | (9,084) |
| Net cash (used in)/ generated by operating activities | 25 | (58,559) | 59,501 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (1,225) | (2,805) |
| Lease incentive received | | - | 270 |
| Proceeds from sale of property, plant and equipment | | - | - |
| Net cash used in investing activities | | (1,225) | (2,535) |
| Cash flows from financing activities | | | |
| Payment of dividends | | (16,710) | (13,008) |
| Amounts received / (advanced to) from related parties | | 60,967 | (20,560) |
| Net cash generated / (used in) by financing activities | | 44,257 | (33,568) |
| Net (decrease)/ increase in cash and cash equivalents | | (15,527) | 23,398 |
| Cash and cash equivalents at the beginning of the financial year | | 44,331 | 20,933 |
| Cash and cash equivalents at end of year | 5 | 28,804 | 44,331 |

Notes to the financial statements are included on pages 11 to 24.

Notes to the Financial Statements

1 Summary of significant accounting policies

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

Financial reporting framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the director's reporting requirements under the *Corporations Act 2001*.

For the purpose of preparing the financial statements, the company is a for-profit entity.

Statement of compliance

The financial report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Cash Flow Statements', and AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.

The company is a company of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Basis of preparation

The financial report is prepared on the basis of historical cost convention, except for the revaluation of certain non-current assets and financial instruments, unless otherwise noted. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects both current and future periods. Refer to Note 2.

Adoption of new and revised Accounting standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current annual reporting. The adoption of these new and revised Standards and Interpretations has not resulted in any material impact to the company's accounting policies for the current or prior years.

1 Summary of significant accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(c) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Sales of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 Summary of significant accounting policies (continued)

(ii) Rendering of services

Revenue from contracts to provide services is recognised by reference to the stage of completion of the contract.

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

(iii) Interest income

Interest income is recognised when the right to receive the payment becomes unconditional. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iv) Sale of fixed assets

Proceeds from the sale of fixed assets are recognised when the company has passed control of the assets to the buyer.

(v) Other income

Other income represents the expense related recoveries made during this reporting year.

(d) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

1 Summary of significant accounting policies (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(e) Leased assets

Company as lessee

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Refer to note 1(k). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's fair value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of one year or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Financial assets

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

1 Summary of significant accounting policies (continued)

(i) Prepayments and accrued income

Prepayments and accrued income are comprised of payments made in advance relating to the following year, and income relating to the current year which will not be received until after the balance sheet date.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is based on actual purchase cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial amount of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Property, plant and equipment

All property, plant and equipment assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 a replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Depreciation is calculated using the straight line method to allocate their cost or revalued amount of each item of property, plant and equipment over their estimated useful lives to the company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows :

| | |
|---------------------------------------|----------------|
| Leasehold improvements and exit costs | 4 - 25 years |
| Plant and equipment | 4 - 14.5 years |
| Signage | 5 years |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

1 Summary of significant accounting policies (continued)

(m) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units represents the company's investment in each country of operation by each primary reporting segment.

(n) Intangible assets

Costs associated with the implementation of software are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost over their estimated useful lives which are generally 3 years.

(o) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

1 Summary of significant accounting policies (continued)

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(r) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

| Standard / Interpretation | Effective for annual | Applicability for year |
|---|----------------------|------------------------|
| AASB 9 Financial Instruments, and the relevant amending standards | 1 April 2018 | 31 March 2019 |
| AASB 15 <i>Revenue from Contracts with Customers</i> , AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> , AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> , and AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> ³ | 1 April 2018 | 31 March 2019 |
| AASB 16 <i>Leases</i> | 1 April 2019 | 31 March 2020 |

(s) Comparative amounts

Comparative amounts are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

2. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Inventories

Note 9 sets out the categories of inventory carried. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell which approximates fair value less cost to sell. The key assumptions require the use of management judgement and are reviewed annually. These key assumptions are the variables affecting the

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty that management has made in the process of applying the company accounting policies and that have a significant effect on the amount recognised in the financial statement other than provisions in note 1(o).

3 Revenue

| | 2017 \$'000 | 2016 \$'000 |
|--|------------------|------------------|
| <i>Sales revenue</i> | | |
| Sale of goods | <u>1,179,001</u> | <u>1,113,136</u> |
| <i>Other revenue</i> | | |
| Interest | 3,228 | 3,455 |
| Other income | <u>12,610</u> | <u>11,357</u> |
| Other revenue from ordinary activities | <u>15,838</u> | <u>14,812</u> |
| | <u>1,194,839</u> | <u>1,127,948</u> |

4 Profit for the year

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Profit for the year has been arrived at after charging the following items of income and expense: | | |
| <i>Depreciation</i> | | |
| Leasehold improvements | 325 | 48 |
| Plant and equipment | <u>1,560</u> | <u>838</u> |
| Total depreciation | <u>1,885</u> | <u>886</u> |
| <i>Net loss on disposal of property, plant and equipment</i> | 5 | 532 |
| <i>Defined contribution superannuation expense</i> | 872 | 1,075 |
| <i>Employee benefits</i> | 9,364 | 7,854 |
| <i>Legal costs</i> | 318 | 654 |
| <i>Movement in provisions</i> | 10,726 | 8,805 |

5 Current assets - Cash and cash equivalents

| | 2017 \$'000 | 2016 \$'000 |
|----------------------------|----------------|----------------|
| Cash at bank and in hand | 22,715 | 35,557 |
| Cooperative marketing fund | <u>6,089</u> | <u>8,774</u> |
| | <u>28,804</u> | <u>44,331</u> |

Interest was receivable on cash at bank at the average rate of 2.13% (2016 : 2.52%)

To facilitate efficient marketing programs, the company and its dealers make equal contribution to a Cooperative Marketing Fund. These funds are kept in a separate bank account which is administered by the company. The financial statement of the fund is subject to a separate audit.

6 Current assets – Receivables

| | 2017 \$'000 | 2016 \$'000 |
|------------------------------------|----------------|----------------|
| Trade receivables | 23,967 | 14,402 |
| Provision for doubtful receivables | (19) | - |
| | <u>23,948</u> | <u>14,402</u> |
| Receivable from related parties | <u>337</u> | <u>121</u> |
| | <u>24,285</u> | <u>14,523</u> |

7 Current assets - Interest bearing assets

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Loans carried at amortised cost: | | |
| Interest bearing loans to related parties | <u>68,340</u> | <u>129,427</u> |

Interest earning assets are recallable on demand. The average interest rate is 2.08% (2016 : 2.32%)

8 Current assets – Prepaid assets

| | 2017 \$'000 | 2016 \$'000 |
|------------------|----------------|----------------|
| Prepaid expenses | <u>452</u> | <u>-</u> |

9 Current assets – Inventories

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Parts | | |
| At cost | 40,050 | 34,998 |
| Provision for obsolescence | <u>(6,052)</u> | <u>(5,850)</u> |
| | <u>33,998</u> | <u>29,148</u> |
| Vehicles | | |
| Finished goods - at cost | 167,103 | 127,977 |
| Company fleet available for sale - at net realisable value | <u>24,075</u> | <u>18,721</u> |
| | <u>191,178</u> | <u>146,698</u> |
| | <u>225,176</u> | <u>175,846</u> |

10 Non current assets - Property, plant and equipment

| | Plant and Equipment \$'000 | Leasehold Improvements \$'000 | Total \$'000 |
|---------------------------------|----------------------------------|-------------------------------------|-----------------|
| Year ended 31 March 2016 | | | |
| Opening net book amount | 3,499 | 51 | 3,550 |
| Additions | 1,795 | 1,010 | 2,805 |
| Disposals | (527) | (5) | (532) |
| Depreciation charge | (838) | (48) | (886) |
| Closing net book amount | <u>3,929</u> | <u>1,008</u> | <u>4,937</u> |
| At 31 March 2016 | | | |
| Cost | 8,066 | 1,549 | 9,615 |
| Accumulated depreciation | <u>(4,137)</u> | <u>(541)</u> | <u>(4,678)</u> |
| Net book amount | <u>3,929</u> | <u>1,008</u> | <u>4,937</u> |
| Year ended 31 March 2017 | | | |
| Opening net book amount | 3,929 | 1,008 | 4,937 |
| Additions | 1,137 | 88 | 1,225 |
| Disposals | (5) | - | (5) |
| Depreciation charge | <u>(1,560)</u> | <u>(325)</u> | <u>(1,885)</u> |
| Closing net book amount | <u>3,501</u> | <u>771</u> | <u>4,272</u> |
| At 31 March 2017 | | | |
| Cost | 7,710 | 1,637 | 9,347 |
| Accumulated depreciation | <u>(4,209)</u> | <u>(866)</u> | <u>(5,075)</u> |
| Net book amount | <u>3,501</u> | <u>771</u> | <u>4,272</u> |

11 Non current assets – Intangible assets

| | 2017 \$'000 | 2016 \$'000 |
|----------------------------------|----------------|----------------|
| Gross carrying amount - Goodwill | <u>1,305</u> | <u>1,305</u> |

The company has assessed the recoverable amount of goodwill and determined that no impairment indicators exist.

12 Non current assets - Deferred tax assets

| | 2017 \$'000 | 2016 \$'000 |
|-----------------------|----------------|----------------|
| Temporary differences | <u>34,615</u> | <u>22,897</u> |

13 Current liabilities – Payables

| | 2017 \$'000 | 2016 \$'000 |
|-----------------------------|----------------|----------------|
| Trade payables | 15,124 | 7,697 |
| Payables to related parties | 182,574 | 219,124 |
| Other payables | <u>68,317</u> | <u>83,090</u> |
| | <u>266,015</u> | <u>309,911</u> |

14 Current liabilities – Provisions

| | 2017 \$'000 | 2016 \$'000 |
|-----------------------------|----------------|----------------|
| Employee benefits provision | 3,302 | 4,231 |
| Service warranties | <u>27,816</u> | <u>21,996</u> |
| | <u>31,118</u> | <u>26,227</u> |

15 Current liabilities - Deferred revenue

| | 2017 \$'000 | 2016 \$'000 |
|---------------------------------|----------------|----------------|
| Free and capped price servicing | <u>2,926</u> | <u>4,824</u> |

16 Current liabilities - Other liabilities

| | 2017 \$'000 | 2016 \$'000 |
|--------------------------|----------------|----------------|
| Lease incentive received | <u>176</u> | <u>252</u> |

17 Non current liabilities – Provisions

| | 2017 \$'000 | 2016 \$'000 |
|-----------------------------|----------------|----------------|
| Employee benefits provision | 299 | 223 |
| Service warranties | 31,668 | 25,909 |
| Leasehold exit costs | <u>255</u> | <u>255</u> |
| | <u>32,222</u> | <u>26,387</u> |

18 Non current liabilities - Deferred revenue

| | 2017 \$'000 | 2016 \$'000 |
|---------------------------------|----------------|----------------|
| Free and capped price servicing | <u>27,129</u> | <u>7,304</u> |

19 Issued capital

| | 2017 Shares | 2016 Shares | 2017 \$'000 | 2016 \$'000 |
|-----------------|----------------|----------------|----------------|----------------|
| Ordinary Shares | | | | |
| - Fully paid | <u>350,000</u> | <u>350,000</u> | <u>700</u> | <u>700</u> |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

20 Retained profits

Movements in retained profits were

| | 2017 \$'000 | 2016 \$'000 |
|---------------------|-----------------|-----------------|
| Opening balance | 16,711 | 13,308 |
| Profit for the year | 17,130 | 16,411 |
| Dividends paid | <u>(16,710)</u> | <u>(13,008)</u> |
| Closing balance | <u>17,131</u> | <u>16,711</u> |

21 Remuneration of auditors

| 2017 \$ | 2016 \$ |
|------------|------------|
|------------|------------|

Auditor of the company:

(a) Assurance services

| | | |
|-------------------------------------|----------------|----------------|
| Audit of financial reports | 106,407 | 105,354 |
| Audit of cooperative marketing fund | <u>15,000</u> | <u>15,000</u> |
| | <u>121,407</u> | <u>120,354</u> |

The Auditor of Jaguar Land Rover Australia Pty Ltd is Deloitte Touche Tohmatsu

22 Contingencies

Contingent Liabilities

The company is subject to certain tax audits that arise in the normal course of its business. Management believes that the ultimate amount of liability, if any, for any pending assessments (either alone or combined) would not materially affect the Company's operations, liquidity, or financial position taken as a whole. However, the ultimate outcome of these audits are uncertain, and unfavourable outcomes could have a material adverse impact.

Bank Guarantees

| | 2017 \$'000 | 2016 \$'000 |
|---------------------------------------|----------------|----------------|
| Bank guarantee contract with ANZ Bank | <u>283</u> | <u>283</u> |

23 Commitments

Operating leases

The company leases various office space and IT equipment under non cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated:

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows: | | |
| Within one year | 654 | 733 |
| Later than one year but not later than five years | <u>809</u> | <u>1,610</u> |
| | <u>1,463</u> | <u>2,343</u> |

24 Related party transactions

(a) Parent entities

The immediate parent entity is Jaguar Land Rover Limited (incorporated in England) which owns 100% of the issued share capital of the company.

(b) Ultimate parent entity

The ultimate parent entity for the company is Tata Motors Ltd (incorporated in India).

25 Reconciliation of profit after income tax to net cash inflow from operating activities

| | 2017 \$'000 | 2016 \$'000 |
|--|-----------------|----------------|
| Profit for the year | 17,130 | 16,411 |
| Depreciation and amortisation | 1,885 | 886 |
| Amorisation of lease incentive | (76) | (19) |
| Net loss on sale of non-current assets | 5 | 532 |
| <i>Change in operating assets and liabilities:</i> | | |
| (Increase) / Decrease in trade debtors and other debtors | (9,761) | 6,230 |
| (Increase) / decrease in interest receivable | 120 | (47) |
| (Increase) / decrease in prepaid assets | (452) | - |
| (Increase) / decrease in inventories | (49,330) | (30,714) |
| (Increase) in future income tax benefit | (11,718) | (3,930) |
| (Decrease) / increase in trade and other creditors | (43,897) | 47,296 |
| Increase in deferred revenue | 17,927 | 12,128 |
| Increase in income tax payable | 8,882 | 1,924 |
| Increase in employee and other provisions | 10,726 | 8,805 |
| Net cash (outflow) / inflow from operating activities | <u>(58,559)</u> | <u>59,502</u> |

26 General information

Jaguar Land Rover Australia Pty Ltd is a proprietary company, incorporated and operating in Australia. Its registered office and principal place of business is:

Jaguar Land Rover Australia Pty Ltd
(Trading as Jaguar Australia and Land Rover Australia)
Level 1
65 Epping Road
North Ryde NSW 2113

The company's principal activities are the importation and distribution of Jaguar and Land Rover motor vehicles, replacement parts and accessories.

Directors' Declaration

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors reporting requirements under the Corporations Act 2001.

The directors declare that:

- (a) In the directors opinion, there are reasonable grounds to believe that the company will be able to pay their debts as and when they become due and payable; and
- (b) In the directors opinion, the attached financial statements and notes are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001, on behalf of the Directors.



Janet Perich
Director

Sydney
29 May 2017