



JAGUAR LAND ROVER AUSTRALIA PTY LTD

ACN 004 352 238

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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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 2021. 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. Cameron
Ms J.A. Perich
Mr. K.P. Nicholls (Resigned 3rd April, 2020)
Mr. S.R. Maynard

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 \$7,480,000 (2020: \$13,008,000).

Dividends

No dividends on ordinary shares were declared and paid during the financial year (2019: nil).

Changes in state of affairs

The COVID-19 pandemic impacted the financial and business performance of the company for this financial year. In the first quarter of the 2021 financial year, the strict lockdowns enacted impacted our retailer network and temporary plant closures in the United Kingdom impacted the supply of vehicles. Since then we have experienced a solid recovery in sales which has generated positive cash flow for the company. Although the global rollout of vaccines is encouraging and social distancing measures are generally being relaxed, there remains some uncertainty with the virus and we will continue to follow the various government policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Subsequent events

No matter or circumstance has arisen since 31 March 2021 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
2 June 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Jaguar Land Rover Australia Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Jaguar Land Rover Australia Pty Ltd for the financial year ended 31 March 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Malcolm Kafer'.

Malcolm Kafer

Partner

Sydney

2 June 2021

Statement of profit or loss and other comprehensive income

For the year ended 31 March 2021

	Notes	2021 \$'000	2020 \$'000
Revenue			
Sale of goods	3 (a)	571,586	832,667
Other revenue	3 (b)	1,184	3,322
Total revenue		572,770	835,989
Expenses			
Cost of sales of goods		(517,195)	(744,408)
Administration expenses		(27,936)	(33,582)
Marketing and sales promotion expenses		(13,997)	(37,346)
Finance cost - interest expense to non-related parties		(2,184)	(2,114)
Profit before income tax		11,458	18,539
Income tax expense	13 (a)	(3,978)	(5,531)
Profit for the year	4	7,480	13,008
Other comprehensive income, net of tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		7,480	13,008

Notes to the financial statements are included on pages 8 to 25.

Statement of financial position As at 31 March 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	18,309	29,899
Current tax assets		4,422	8,101
Receivables	6	29,169	22,123
Interest bearing assets	7	191,123	158,546
Prepaid assets	8	593	59
Inventories	9	123,342	120,002
Total current assets		366,958	338,730
Non-current assets			
Property, plant and equipment	10	11,417	13,156
Intangible assets	11	1,305	1,305
Right-of-use assets	12	16,804	16,991
Deferred tax assets	13 (b)	58,757	61,996
Total non-current assets		88,283	93,448
Total assets		455,241	432,178
LIABILITIES			
Current liabilities			
Payables	14	199,829	172,632
Provisions	15	46,614	45,899
Deferred revenue	16	27,682	24,980
Lease liabilities		2,043	2,043
Total current liabilities		276,168	245,554
Non-current liabilities			
Provisions	15	38,616	37,759
Deferred revenue	16	44,820	60,744
Lease liabilities		22,097	22,061
Total non-current liabilities		105,533	120,564
Total liabilities		381,701	366,118
Net assets		73,540	66,060
EQUITY			
Issued capital	17	700	700
Retained profits	18	72,840	65,360
Total equity		73,540	66,060

Notes to the financial statements are included on pages 8 to 25.

Statement of changes in equity For the year ended 31 March 2021

	Notes	Issued Capital \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 April 2019	19, 20	700	53,123	53,823
Profit for the year		-	13,008	13,008
Adjustment from the adoption of AASB 16		-	(771)	(771)
Other comprehensive income for the year (net of tax)		-	-	-
Balance at 31 March 2020		700	65,360	66,060
Profit for the year		-	7,480	7,480
Other comprehensive income for the year (net of tax)		-	-	-
Balance at 31 March 2021	19, 20	700	72,840	73,540

Notes to the financial statements are included on pages 8 to 25.

Statement of cash flows

For the year ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipt from customers		621,387	922,785
Payments to suppliers and employees		(601,405)	(826,548)
Interest received		283	1,752
Interest paid		(3)	-
Income taxes receipts/ (payments)		2,940	(21,504)
Net cash from operating activities		23,202	76,485
Cash flows from investing activities			
Payments for property, plant and equipment		(80)	(2,314)
Net cash (used in) investing activities		(80)	(2,314)
Cash flows from financing activities			
Net repayment of lease liabilities		(2,145)	(2,088)
Net amounts remitted to related parties		(32,567)	(67,443)
Net cash (used in)/ financing activities		(34,712)	(69,531)
Net increase in cash and cash equivalents		(11,590)	4,640
Cash and cash equivalents at the beginning of the financial year		29,899	25,259
Cash and cash equivalents at end of year	5	18,309	29,899

Notes to the financial statements are included on pages 8 to 25.

Notes to the financial statements

1 Basis of preparation

(a) Reporting entity

Jaguar Land Rover Australia Pty Limited (the Company) is a proprietary company, incorporated and operates in Australia. Its registered office and principal place of business is:

Jaguar Land Rover Australia Pty Limited (t/a Jaguar land Rover Australia)
Level 1
189 O'Riordan Street
Mascot NSW 2020

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

(b) Financial reporting framework

The company is required under Section 3CA of the Taxation Administration Act 1953, to prepare and lodge general purpose financial statement. In the opinion of the directors, the Company is not publically accountable. The financial report of the company are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced disclosure requirements adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements were approved by the Board of Directors on 2 June 2021.

(c) Basis of measurement

The financial statements is prepared on the basis of historical cost convention, except where stated otherwise.

(d) Functional and presentation currency

The financial statements are presented in Australian dollars (rounded to the nearest thousand), which is the Company's functional currency.

The Company is 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 financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

(e) Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for a period of at least 12 months from the date of approval of the financial statements.

2 Summary of significant accounting policies

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 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.

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 profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non monetary items 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.

2 Summary of significant accounting policies (continued)

(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 control 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.

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

(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.

2 Summary of significant accounting policies (continued)

(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 profit or loss and other 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.

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) 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).

2 Summary of significant accounting policies (continued)

(f) 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.

(g) Financial Instruments

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.

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 balance sheet 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. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings.

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.

Classification & 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 group reclassifies financial assets when and only when its business model for managing those assets changes.

2 Summary of significant accounting policies (continued)

Financial Instruments (continued)

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, contract assets, finance receivables and other financial assets.

Classification & measurement – financial liabilities

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

Other financial liabilities 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 AASB 9 to apply lifetime expected credit losses to trade receivables and contract assets, 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.

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.

(h) Leased assets

At inception of a contract, the Company assesses whether a contract contains a Lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2 Summary of significant accounting policies (continued)

Leases (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the Site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Prepayments and accrued

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.

2 Summary of significant accounting policies (continued)

(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) 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 or term of lease
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 2(g)).

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.

(l) 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.

(m) 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.

2 Summary of significant accounting policies (continued)

(n) 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.

(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.

(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.

(iii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2 Summary of significant accounting policies (continued)

(r) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112.

(s) Comparative amounts

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

(t) 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 estimated costs to sell and the expected selling price. Any reassessment of cost to sell or selling price in a particular year will affect the cost of goods sold.

Variable marketing

The Company pays variable marketing incentives on retail sales. The Company makes estimates of incentives that will be paid on dealer inventory. Assumptions are made based on market conditions for each model.

Warranty

The Company provides product warranties on all new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programs are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill, as well as on possible recall campaigns. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information. Refer note 15.

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 2(p).

3 Revenue

	2021 \$'000	2020 \$'000
<i>(a) Sales revenue</i>		
Sale of vehicles	490,976	822,562
Sale of parts and accessories	99,755	111,192
Dealer training income	3,032	10,756
Sales deferral plans	23,771	5,227
Variable marketing revenue reductions	(45,948)	(117,070)
	<u>571,586</u>	<u>832,667</u>
<i>(b) Other revenue</i>		
Interest income from non-related parties	89	480
Interest income from related parties	204	1,320
Other income	891	1,522
	<u>1,184</u>	<u>3,322</u>
Other revenue	<u>572,770</u>	<u>835,989</u>

4 Profit for the year

	2021 \$'000	2020 \$'000
Profit for the year has been arrived at after charging the following items of income and expense:		
<i>Depreciation</i>		
Leasehold improvements	981	984
Plant and equipment	750	722
Total depreciation	<u>1,731</u>	<u>1,706</u>
<i>Net loss/ (gain) on disposal of property, plant and equipment</i>	35	(21)
<i>Defined contribution superannuation expense</i>	716	822
<i>Employee benefits expense</i>	5,460	7,775
<i>Legal costs</i>	420	575
<i>Movement in provisions</i>	1,572	2,479

5 Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash at bank and in hand	13,475	24,486
Cooperative marketing fund ¹	4,834	5,413
	<u>18,309</u>	<u>29,899</u>

Interest was receivable on cash at bank at the average rate of 0.002% p.a. (2020: 0.01% p.a.)

¹ 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 Receivables

	2021 \$'000	2020 \$'000
Trade receivables	<u>28,654</u>	<u>20,640</u>
Provision for doubtful receivables		
Opening balance	(34)	-
Provision created during the year	(374)	(131)
Provision reversed during the year	<u>389</u>	<u>97</u>
Closing balance	<u>(19)</u>	<u>(34)</u>
Receivable from related parties	<u>534</u>	<u>1,517</u>
	<u>29,169</u>	<u>22,123</u>

7 Interest bearing assets

	2021 \$'000	2020 \$'000
Loans carried at amortised cost:		
Interest bearing loans to related parties	<u>191,123</u>	<u>158,546</u>

Interest earning assets are recallable on demand at the discretion of the company.
The average interest rate was 0.13% p.a. in 2021 (2020: 1.14%)

8 Prepaid assets

	2021 \$'000	2020 \$'000
Prepaid expenses	<u>593</u>	<u>59</u>

9 Inventories

	2021 \$'000	2020 \$'000
Parts		
At cost	<u>45,235</u>	<u>48,187</u>
Provision for obsolescence		
Opening balance	(7,906)	(7,436)
Provision created during the year	(2,520)	(945)
Provision used during the year	<u>3,403</u>	<u>475</u>
Closing balance	<u>(7,023)</u>	<u>(7,906)</u>
	<u>38,212</u>	<u>40,281</u>
Vehicles		
Finished goods - at cost	<u>73,729</u>	<u>62,056</u>
Company fleet available for sale - at net realisable value	<u>11,401</u>	<u>17,665</u>
	<u>85,130</u>	<u>79,721</u>
	<u>123,342</u>	<u>120,002</u>

In 2021, inventories of \$414.43m (2020: \$622.27m) were recognised as an expense during the year and included in cost of sales.

10 Property, plant and equipment

	Plant and Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Year ended 31 March 2020			
Opening net book amount	2,704	9,859	12,563
Additions	1,173	1,141	2,314
Disposals	(15)	-	(15)
Depreciation charge	(722)	(984)	(1,706)
Closing net book amount	3,140	10,016	13,156
At 31 March 2020			
Cost	9,045	11,689	20,734
Accumulated depreciation	(5,905)	(1,673)	(7,578)
Net book amount	3,140	10,016	13,156
Year ended 31 March 2021			
Opening net book amount	3,140	10,016	13,156
Additions	77	3	80
Disposals	(73)	(15)	(88)
Depreciation charge	(750)	(981)	(1,731)
Closing net book amount	2,394	9,023	11,417
At 31 March 2021			
Cost	7,592	11,676	19,268
Accumulated depreciation	(5,197)	(2,654)	(7,851)
Net book amount	2,395	9,022	11,417

11 Intangible assets

	2021 \$'000	2020 \$'000
Gross carrying amount - Goodwill	1,305	1,305

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

12 Leases

The Company leases building and IT equipment. The leases typically run for a period of 3 to 12 years, with an option to renew the lease after that day. Information about leases for which the Company is a lessee is presented below.

(a) Right - of - use assets

	Building \$'000	IT Equipment \$'000	Total \$'000
Balance at 1 April 2019	18,091	11	18,102
Depreciation expense	(1,100)	(11)	(1,111)
Balance at 31 March 2020	16,991	-	16,991
Balance at 1 April 2020	16,991	-	16,991
Depreciation expense	(187)	-	(187)
Balance at 31 March 2021	16,804	-	16,804

(b) Amounts recognised in profit and loss

	2021 \$'000	2020 \$'000
Interest on lease liabilities	2,181	2,179
	2,181	2,179

(c) Amounts recognised in statement of cash flows

	2021 \$'000	2020 \$'000
Total cash outflow for leases	(2,145)	(2,088)
	(2,145)	(2,088)

13 Income taxes

(a) Amounts recognised in profit or loss:

	2021 \$'000	2020 \$'000
Current year tax expenses	739	6,201
	739	6,201
Deferred tax assets:		
Deferred tax expenses	3,239	(670)
Total income tax expense on continuing operations	3,978	5,531

Income tax expense for the year can be reconciled to the accounting profit as follows:

	2021 \$'000	2020 \$'000
Profit before tax from continuing operations	11,458	18,539
Income tax expense calculated at 30% (2020: 30%)	3,437	5,562
Effect of expenses that are not deductible in determining taxable profits	73	2
	3,510	5,564
Adjustments recognised in the current year in relation to prior years	468	-
Income tax recognised in profit or loss on continuing operations	3,978	5,564

(b) Movement in deferred tax assets:

	2021 \$'000	2020 \$'000
Opening balance as at 1 April	61,996	61,327
Recognised in profit or loss		
Property, plant and equipment	(54)	(151)
Deferred revenue	(3,966)	2,326
Employee benefits	(46)	242
Warranty provisions	994	792
Other provisions	(9,659)	(2,386)
Others	9,492	(154)
Closing balance as at 31 March	58,757	61,996

14 Payables

	2021 \$'000	2020 \$'000
Trade payables	9,399	13,651
Payables to related parties	149,418	71,802
Marketing payables	23,674	63,262
Other payables	17,338	23,917
	199,829	172,632

15 Provisions

	2021 \$'000	2020 \$'000
Employee benefits provision		
Employee benefits provision - current	2,374	2,525
Employee benefits provision - non current	229	229
	<u>2,603</u>	<u>2,754</u>
Employee benefits provision		
Opening balance	2,754	1,948
Provision created during the year	726	1,579
Provision used during the year	(877)	(773)
	<u>2,603</u>	<u>2,754</u>
Closing balance		
	<u>2,603</u>	<u>2,754</u>
Defined contribution superannuation plans		
The Company has paid contributions of \$716,000 to defined contribution plans on behalf of employees for the year ended 31 March 2020 (2019: \$822,000)		
Service warranties		
Service warranties - current	44,240	43,374
Service warranties - non current	35,916	35,122
	<u>80,156</u>	<u>78,496</u>
Service warranties		
Opening balance	78,496	77,784
Provision created during the year	71,025	81,367
Provision used during the year	(69,365)	(80,655)
	<u>80,156</u>	<u>78,496</u>
Closing balance		
	<u>80,156</u>	<u>78,496</u>
Leasehold exit costs		
Opening balance	2,408	1,448
Provision created during the year	63	961
	<u>2,471</u>	<u>2,408</u>
Closing balance		
	<u>2,471</u>	<u>2,408</u>
Provisions - current	46,614	45,899
Provisions - non current	38,616	37,759
	<u>85,230</u>	<u>83,658</u>
Total provisions		
	<u>85,230</u>	<u>83,658</u>

16 Deferred revenue

	2021 \$'000	2020 \$'000
Connected car servicing and service plan - current	27,682	24,980
Connected car servicing and service plan - non current	44,820	60,744
	<u>72,502</u>	<u>85,724</u>

17 Issued capital

	2021 Shares	2020 Shares	2021 \$'000	2020 \$'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.

18 Retained profits

Movements in retained profits were

	2021 \$'000	2020 \$'000
Opening balance	65,360	53,123
Profit for the year	7,480	13,008
Adjustment from the adoption of AASB 16	<u>-</u>	<u>(771)</u>
Closing balance	<u>72,840</u>	<u>65,360</u>

19 Contingencies

Contingent Liabilities

	2021 \$'000	2020 \$'000
Bank guarantee contract with ANZ Bank	<u>1,543</u>	<u>1,543</u>
	<u>1,543</u>	<u>1,543</u>

20 Related party transactions

(a) Parent and ultimate parent entity

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

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

(b) Transactions with key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2021 \$'000	2020 \$'000
Short-term benefits	1,167	1,592
Termination benefits	61	237
	<u>1,228</u>	<u>1,829</u>

There is no outstanding balances relating to key management personnel.

(c) Trading transactions

	Transaction value year ended 31 Mar		Balance (payable) / receivable as at 31 Mar	
	2021 \$	2020 \$	2021 \$	2020 \$
Jaguar Land Rover Limited - sale of products	(690)	(681)	22	4
Jaguar Land Rover Limited - service rendered	(425)	(1,084)	40	48
Jaguar Land Rover Limited - warranty campaign received	(1,951)	(7,519)	472	1,466
Jaguar Land Rover Limited - interest income	(204)	(1,320)	-	-
Jaguar Land Rover Limited - loan receivable	-	-	191,113	158,546
	<u>(3,270)</u>	<u>(10,604)</u>	<u>191,647</u>	<u>160,063</u>
Jaguar Land Rover Limited - purchases of goods	414,299	573,510	(148,149)	(68,536)
Jaguar Land Rover Limited - service received	5,461	9,668	(2,073)	(3,240)
Tata Consultancy Services Limited - service received	139	127	(13)	(13)
Spark44 Pty Limited (Sydney) - service received	3,219	3,788	(44)	(13)
	<u>423,118</u>	<u>587,093</u>	<u>(150,279)</u>	<u>(71,802)</u>
	<u>419,848</u>	<u>576,489</u>	<u>41,368</u>	<u>88,262</u>

All outstanding balances with associates are priced on an arm's length basis and are to be settled in cash within three months of the end of the reporting date. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties. The Company is dependent on its parent entities for the supply of inventories.

Directors' Declaration

In the opinion of the directors of Jaguar Land Rover Australia Pty Limited ('the Company'):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 4 to 25 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 March 2021 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Sydney, this 2nd day of June 2021.



Janet Perich
Director



Independent Auditor's Report

To the shareholder of Jaguar Land Rover Australia Pty Ltd

Opinion

We have audited the **Financial Report** of Jaguar Land Rover Australia Pty Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 March 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 March 2021
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with *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 (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Independent Auditor's Report

Other Information

Other Information is financial and non-financial information in Jaguar Land Rover Australia Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Malcolm Kafer

Partner

Sydney

2 June 2021