Jaguar Land Rover Ireland (Services) Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number: 608696

For the year ended 31 March 2020

Directors and Advisors

Directors

I. J. Harnett
R. J. Molyneux
P. M. Girr
J. Cormican

Company secretary

LK Shields
40 Upper Mount Street
Dublin 2

Registered office

39/40 Upper Mount Street,
Dublin 2
D02 PR89
Republic of Ireland

Auditor

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

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DIRECTORS' REPORT

The directors present their directors' report for Jaguar Land Rover Ireland (Services) Limited ('the Company' or 'JLR Ireland') for the year ended 31 March 2020.

Results and dividends

The income statement shows a profit after tax for the financial period of €925K (2019: €529K)

The directors do not recommended payment of a dividend in respect of the financial results for the year ended 31 March 2020, (2019: nil).

Principal activity

The company's principal activity during the year under review was research and development activity related to the delivery of key components that enable the next generation of Jaguar Land Rover ("JLR") Electrical Vehicle Architecture to support Connected Car, Advanced Driver Assistance System ("ADAS") technologies and future Automated Driving features.

Review of the business and future developments

The company is utilising a senior leadership team of experienced software developers to help develop roadmaps and architectures for ongoing R&D activity. This team bring a wealth of directly relevant automotive and software architecture/development experience and an established engineering network to support initial scale growth. With ongoing recruitment and this established team, JLR Ireland can become a central hub for the overall JLR global software strategy.

JLR Ireland collaborates with other JLR development teams worldwide to support the delivery of key technologies maintain its recognised position of innovative excellence.

Future developments

The company's objective is to bring certain software expertise and development capability in-house so that we can suitably cost optimise and scale solutions for next generation architectures. The Digital Development Centre hub will be part of a global team in JLR to deliver these solutions and to advance JLR's Autonomous Driving capabilities.

JLR Ireland will continue to explore further opportunities to deliver innovative technology advancements that contribute to the overall JLR global software and R&D strategy.

Key performance indicators

The key performance indicators used are set out below:

KPI	2019/2020	Commentary
Number of employees	235	Number of employees as at 31 March 2020, reflecting the growth of the company.
Cost base - total of employee costs and other expenses (€ thousands)	19,818	Costs are in line with the directors' expectations.

DIRECTORS' REPORT (continued)

Risks and uncertainties

The key risks and uncertainties faced by the business are:

- Being unable to keep pace with development due to rapidly evolving technology areas and multiple possible technology and strategy approaches; and
- The Ireland site is fledgling and staff recruitment to required numbers will be a challenge. Longer term retention of key staff and remuneration in line with the tech industry eco-system.
- Exposure to changes in the global economic and geopolitical environment, as well as other external factors through trade with the immediate parent company Jaguar Land Rover Limited. Trade tensions, protectionism, wars, terrorism, natural disasters and humanitarian challenges may adversely impact the Jaguar Land Rover Group, and more recently the COVID-19 pandemic crisis and Brexit uncertainty as we move towards the end of the transition period on 31 December 2020.

Directors and secretary

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

Directors

I. J. Harnett
R. J. Molyneux
P. M. Girr
J. Cormican

Secretary

LK Shields

The directors are not required to retire by rotation.

Directors' and secretary's interests

The directors and secretary in office at 31 March 2020 did not have any interest in the share capital of the company or any group undertaking as at 31 March 2019 and 31 March 2020.

Events subsequent to the financial year end

In response to the global Covid-19 pandemic, all employees of the Company have continued to work on critical delivery vehicle programs. Further information regarding the impact of Covid-19 to the Jaguar Land Rover group, of which the company is part, are included in the Jaguar Land Rover Automotive plc Annual Report 2019/20.

There have been no other significant events since the end of the financial year.

Going concern

The directors have completed a going concern assessment for the Company for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through funding from its intermediate parent company, Jaguar Land Rover Automotive PLC, to meet its liabilities as they fall due for that period.

The going concern assessment for the Company is dependent on Jaguar Land Rover Automotive PLC not seeking repayment of the amounts currently due, directly or indirectly, to the group and providing additional financial support during that period. See note 22 for the breakdown of asset and liability positions with fellow group undertakings at 31 March 2020.

DIRECTORS' REPORT (continued)

Going concern (continued)

Jaguar Land Rover Automotive PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date where the entity has insufficient liquidity to make such payments, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The COVID 19 pandemic resulted in a Government imposed lockdown in March 2020 resulting in a sharp downturn in the automotive industry. Jaguar Land Rover Automotive PLC has adopted the going concern basis of preparation in its annual financial statements for the year ended 31 March 2020. The Company directors have challenged these forecasts and concluded that Jaguar Land Rover Automotive PLC have both the ability and intent to provide financial support to the company, even in a severe but plausible downside scenario.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Accounting records

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 39/40 Upper Mount Street, Dublin 2.

Relevant audit information

Each of the persons who is a director at the date of approval of this report confirms that:

a) So far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and

b) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Companies Act 2014.

Independent auditor

The auditor, KPMG LLP, shall be re-appointed in accordance with the provisions of section 383 of the Companies Act 2014, unless, as a result of the United Kingdom leaving the European Union at some future date, they are no longer able to accept appointment as statutory auditors of the Company.

Approved by the Board and signed on its behalf by:

John Cormican

John Cormican
Director
29 June 2020

Richard John Molyneux
Director
29 June 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Irish law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under Irish law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER IRELAND (SERVICES) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Jaguar Land Rover Ireland (Services) Limited ('the Company') for the year ended 31 March 2020, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

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

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Woods.

Gareth Woods **Date: 3 July 2020**
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway,
Birmingham
United Kingdom
B4 6GH

INCOME STATEMENT

(€ thousands)	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue	**3**	**24,116**	**13,531**
Employee cost	**4**	(16,374)	(9,760)
Other expenses	**7**	(3,444)	(2,663)
Depreciation and amortisation	**9, 10, 17**	(1,893)	(504)
Finance Expense	**7**	(1,350)	-
Profit before tax		**1,055**	**604**
Income tax expense	**8**	(130)	(75)
Profit for the year		**925**	**529**

All the activities of the company are from continuing operations.

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

BALANCE SHEET

As at 31 March (€ thousands)	Note	2020	2019
Non-current assets			
Property, plant and equipment	9	13,181	7,027
Intangible assets	10	545	49
Right-of-use assets	17	17,353	-
Deferred tax asset	8	327	-
Total non-current assets		**31,406**	**7,076**
Current assets			
Trade receivables	11	5,516	4,628
Other current assets	12	91	779
Cash and cash equivalents	13	279	653
Total current assets		**5,886**	**6,060**
Total assets		**37,292**	**13,136**
Current liabilities			
Accounts payable	14	3,418	4,065
Other current liabilities	15	70	-
Current tax liabilities	8	495	27
Other financial liabilities	16	12,565	8,275
Total current liabilities		**16,548**	**12,367**
Non-current liabilities			
Other financial liabilities	17	19,033	-
Deferred tax liability	8	-	48
Total non-current liabilities		**19,033**	**48**
Total liabilities		**35,581**	**12,415**
Equity attributable to shareholders			
Ordinary share capital	18	-	-
Reserves		1,711	721
Equity attributable to shareholders		**1,711**	**721**
Total liabilities and equity		**37,292**	**13,136**

These financial statements were approved by the Board of Directors and authorised for issue on 29 June 2020. They were signed on its behalf by:

John Cormican
Director

Richard John Molyneux
Director

Company registered number: 608696

STATEMENT OF CHANGES IN EQUITY

(€ thousands)	Ordinary Share Capital	Reserves	Total Equity
Opening Balance	-	721	721
IFRS16 adjustment	-	65	65
Adjusted Opening Balance	-	**786**	**786**
Profit for the year ended 31 March 2020	-	925	925
Total comprehensive income for the year	**-**	**925**	**925**
Balance at 31 March 2020	**-**	**1,711**	**1,711**

(€ thousands)	Ordinary Share Capital	Reserves	Total Equity
Opening Balance	**-**	**192**	**192**
Profit for the year ended 31 March 2019	-	529	529
Total comprehensive income for the year	**-**	**529**	**529**
Balance at 31 March 2019	**-**	**721**	**721**

CASH FLOW STATEMENT

(€ thousands)	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows used in operating activities		
Profit for the period	**925**	**529**
Adjustments for:		
Depreciation and amortisation	1,893	504
Finance expense	1,350	-
Income tax expense	130	75
Cash flows from operating activities before changes in assets and liabilities	**4,298**	**1,108**
Trade receivables	(888)	(28)
Other current assets	688	20
Accounts payable	(323)	(447)
Other current liabilities	70	(685)
Net cash used in operating activities	**3,845**	**(32)**
Cash flows used in investing activities		
Purchases of property, plant and equipment	(7,128)	(7,195)
Cash paid for intangible assets	(577)	(19)
Net cash used in investing activities	**(7,705)**	**(7,214)**
Cash flows generated from financing activities		
Payments of lease obligations	(474)	-
Issue of short-term loans from group undertakings	3,960	7,892
Net cash generated from financing activities	**3,486**	**7,892**
Net change in cash and cash equivalents	**(374)**	**646**
Cash and cash equivalents beginning of the period	653	7
Cash and cash equivalents at the end of the period	**279**	**653**

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

The company was incorporated on 28 July 2017.

The company is an indirect subsidiary of Tata Motors Limited, India ('Tata Motors Limited'). The company's principal activity during the year under review was research and development activity related to the delivery of key components that enable the next generation of Jaguar Land Rover ("JLR") Electrical Vehicle Architecture to support Connected Car, Advanced Driver Assistance System ("ADAS") technologies and future Automated Driving features.

The company is a private limited company incorporated and domiciled in Republic of Ireland. The address of its registered office is 39/40 Upper Mount Street, Dublin 2, D02 PR89.

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

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as 'IFRS') and IFRS Interpretation Committee ('IFRS IC') interpretations as adopted by the European Union ('EU').

MEASUREMENT CONVENTION

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

GOING CONCERN

The directors have completed a going concern assessment for the Company for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through funding from its intermediate parent company, Jaguar Land Rover Automotive PLC, to meet its liabilities as they fall due for that period.

The going concern assessment for the Company is dependent on Jaguar Land Rover Automotive PLC not seeking repayment of the amounts currently due, directly or indirectly, to the group and providing additional financial support during that period. See note 22 for the breakdown of asset and liability positions with fellow group undertakings at 31 March 2020.

Jaguar Land Rover Automotive PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date where the entity has insufficient liquidity to make such payments, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The COVID 19 pandemic resulted in a Government imposed lockdown in March 2020 resulting in a sharp downturn in the automotive industry. Jaguar Land Rover Automotive PLC has adopted the going concern basis of preparation in its annual financial statements for the year ended 31 March 2020. The Company directors have challenged these forecasts and concluded that Jaguar Land Rover Automotive PLC have both the ability and intent to provide financial support to the company, even in a severe but plausible downside scenario.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In the process of applying the company's accounting policies management has made no judgements that have a significant effect on the amounts recognised in the financial statements.

REVENUE RECOGNITION

Revenue from the provision of services comprises income received from the company's immediate parent company with respect to the research and development activities.

The directors do not consider there to be more than one class of business or geographical segment and therefore no further analysis of results by class of business or geographical segment is presented.

COST RECOGNITION

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

FOREIGN CURRENCY

The company has a functional and presentation currency of EUR.

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

INCOME TAXES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FIXED ASSETS

Property, Plant and equipment

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

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

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

Class of property, plant and equipment	Estimated useful life (years)
Fixtures and fittings	12
Computers	3

Assets under construction are not depreciated. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets

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

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

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

Class of intangible assets	Estimated useful life (years)
Software	3

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

IMPAIRMENT

Fixed assets

At each balance sheet date, the company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment indicator exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The estimated recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

LEASES

At inception of a contract, the Company assesses whether a contract is, or contain 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 assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substation right, then the asset is not identified;
- The Company has the right to substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purposes the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - The Company has the right to operate the asset; or
    - The Company designed the asset in a way that predetermines how and for what purposes it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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 of 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 allocated, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at 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 a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company associates the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

This policy is applied to all contracts entered into, or changed, on or after 1 April 2019.

The comparative information for the year ending 31 March 2019 and 31 March 2018 continues to be accounted for under the Company's previous lease accounting policies under IAS 17 Leases.

Operating leases (Under IAS 17)

Assets leased under operating leases are not recognised on the company's balance sheet. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease in 'Other expenses'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

Classification, initial recognition and measurement

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

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

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

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

Other financial liabilities

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

Determination of fair value

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Derecognition of financial assets and financial liabilities

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

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

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

Impairment of financial assets

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

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers, significant financial difficulty of the customer or bankruptcy. Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the income statement. If the amount of an impairment loss decreases in a subsequent year, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal is recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS

(a) Standards, revisions and amendments to standards and interpretations significant to the Company and applied for the first time in the year ending 31 March 2020

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

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

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

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

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

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

The impact of the first-time application of IFRS 16 as at 1 April 2019 is the recognition of right-of-use assets of €18,192,000 and lease liabilities of €18,488,000.

When measuring lease liability, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 7.462%.

	€ thousands
Financial obligations for operating leases at 31 March 2019	15,720
Application exemption for short-term leases	(29)
Extension and termination options reasonably certain to be exercised	20,448
Gross lease liabilities for former operating leases at 1 April 2019	**36,139**
Discounting impact	(17,651)
TOTAL lease liabilities at 1 April 2019	**18,488**

The opening right-of-use asset by class of underlying assets is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

(b) Standards, revisions and amendments to standards and interpretations not significant to the Company and applied for the first time in the year ending 31 March 2020

The following amendments and interpretations have been adopted by the Group in the year ending 31 March 2020.

- IFRIC 23 Uncertainty over income tax treatments;
- Amendments to IFRS 9 Financial Instruments – Prepayment features with negative compensation;
- Amendments to IAS 19 Employee Benefits – Plan amendment, curtailment or settlement;
- Amendments to IAS 28 Investments in Associates and Joint Ventures – Long-term interests in associates and joint ventures; and
- Annual improvements to IFRS standards 2015-2017 cycle.

The adoption of these amendments and interpretations has not had a significant impact on the consolidated financial statements.

(c) Standards, revisions and amendments to standards and interpretations not yet effective and not yet adopted by the Company

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

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark reform;
- Amendments to IFRS 3 Business Combinations – Definition of a business;
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material; and
- Amendments to references to the conceptual framework in IFRS standards.

(d) Standards, revisions and amendments to standards and interpretations not yet endorsed by the EU and not yet adopted by the Company

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

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 Presentation of Financial Statements – Classification of liabilities as current or non-current;
- Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts - cost of fulfilling a contract;
- Amendments to IFRS 16 Leases – Covid-19-related rent concessions; and
- Annual improvements to IFRS standards 2018-2020 cycle.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 REVENUE

(€ thousands)	2020	2019
Revenue from provision of services	24,116	13,531
Total revenue	**24,116**	**13,531**

4 EMPLOYEE NUMBERS AND COSTS

(€ thousands)	2020	2019
Wages, salaries and benefits	15,607	9,314
Pension costs	767	446
Total employee costs	**16,374**	**9,760**

The company employed an average of 235 (2019:185) employees for year ended 31 March 2020.

5 DIRECTORS' EMOLUMENTS

For the year ended 31 March 2020, only two directors received remuneration for their qualifying services specifically to the company which has been paid by the company. The remaining directors did not receive a remuneration for this period in relation to their qualifying services specifically to the company and their remuneration are paid by the immediate parent company (Jaguar Land Rover Limited) and no recharges have been made to the company.

Year ended 31 March (€ thousands)	2020	2019
Directors' emoluments	331	314
Post-employment benefits	21	20
	352	**334**

There are two directors accruing retirement benefits €21,000 (2019: €20,000) under the defined contribution scheme.

6 PROFIT BEFORE TAX

Auditor's remuneration for the current financial period is borne by the immediate parent company, Jaguar Land Rover Limited, and is not recharged. The company's allocation for fees payable to the company's auditor for the audit of the annual financial statements is €17,000 (2019: €17,000). The company incurred no non-audit fees in the current financial period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 OTHER EXPENSES AND FINANCE EXPENSES

(€ thousands)	2020	2019
Works, operations and other costs	3,369	1,917
Rent	66	699
Insurance	32	-
Foreign exchange (gain)/loss	(23)	47
Total other expenses	**3,444**	**2,663**

(€ thousands)	2020	2019
Finance expenses	1,350	-
Total finance expenses	**1,350**	**-**

8 TAXATION

Recognised in the income statement

(€ thousands)	2020	2019
Current tax expense	372	27
Deferred tax	(242)	48
Total income tax expense	**130**	**75**

Reconciliation of effective tax rate

(€ thousands)	2020	2019
Profit for the period	925	529
Total income tax expense	130	75
Profit before tax	**1,055**	**604**
Income tax at 12.5%	132	(75)
Prior period adjustment	(2)	150
Total income tax expense	**130**	**75**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 PROPERTY, PLANT AND EQUIPMENT

(€ thousands)	Land and Buildings	Plant and Equipment	Computers	Fixtures & Fittings	Under Construction	Total
Cost						
Opening Balance	-	17	642	140	6,707	7,506
Additions	12,004	371	720	740	(6,707)	7,128
Balance at 31 March 2020	**12,004**	**388**	**1,362**	**880**	**-**	**14,634**
Accumulated depreciation						
Opening Balance	-	1	419	59	-	479
Depreciation expense for the period	521	26	358	69	-	974
Balance at 31 March 2020	**521**	**27**	**777**	**128**	**-**	**1,453**
Net book value						
At 31 March 2020	**11,483**	**361**	**585**	**752**	**-**	**13,181**

(€ thousands)	Land and Buildings	Plant and Equipment	Computers	Fixtures & Fittings	Under Construction	Total
Cost						
Opening Balance	-	-	100	48	163	311
Additions	-	17	542	92	6,544	7,195
Balance at 31 March 2019	**-**	**17**	**642**	**140**	**6,707**	**7,506**
Accumulated depreciation						
Opening Balance	-	-	-	-	-	-
Depreciation expense for the period	-	1	419	59	-	479
Balance at 31 March 2019	**-**	**1**	**419**	**59**	**-**	**479**
Net book value						
At 31 March 2019	**-**	**16**	**223**	**81**	**6,707**	**7,027**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 INTANGIBLE ASSETS

(€ thousands)	Software	Total
Cost		
Opening Balance	76	76
Additions	577	577
Balance at 31 March 2020	**653**	**653**
Accumulated amortisation		
Opening Balance	27	27
Amortisation expense for the period	81	81
Balance at 31 March 2020	**108**	**108**
Net book value		
At 31 March 2020	**545**	**545**

(€ thousands)	Software	Total
Cost		
Opening Balance	57	57
Additions	19	19
Balance at 31 March 2020	**76**	**76**
Accumulated amortisation		
Opening Balance	2	2
Amortisation expense for the period	25	25
Balance at 31 March 2020	**27**	**27**
Net book value		
At 31 March 2020	**49**	**49**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 TRADE RECEIVABLES

As at 31 March (€ thousands)	2020	2019
Amount owed by group undertakings	5,516	4,628
Total trade receivables	**5,516**	**4,628**

Amounts owed by group undertakings are repayable on demand.

12 OTHER CURRENT ASSETS

As at 31 March (€ thousands)	2020	2019
Recoverable VAT	91	779
Total other current assets	**91**	**779**

13 CASH AND CASH EQUIVALENTS

As at 31 March (€ thousands)	2020	2019
Cash and cash equivalents	279	653
Total cash and cash equivalents	**279**	**653**

14 ACCOUNTS PAYABLE

As at 31 March (€ thousands)	2020	2019
Amounts owed to Group undertakings	445	1,476
Liabilities for expenses	2,973	2,589
Total accounts payable	**3,418**	**4,065**

15 OTHER CURRENT LIABILITIES

As at 31 March (€ thousands)	2020	2019
VAT payable	70	-
Total other current financial liabilities	**70**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 OTHER FINANCIAL LIABILITIES

As at 31 March (€ thousands)	2020	2019
Loans owed to group undertakings	12,234	8,275
Lease obligations	331	-
Total other current financial liabilities	**12,565**	**8,275**
Lease obligations	19,033	-
Total other non-current financial liabilities	**19,033**	**-**

Loans owed to group undertakings are payable to the company's immediate parent company, Jaguar Land Rover Limited. The loan is subject to a variable rate interest at the higher of 0.85% and 0.85% plus the 1 month Euro LIBOR interest rate, and is repayable on demand.

17 LEASES

There were no finance leases in the period.

Lease as a Lessee

The Group leases many assets including land and buildings, vehicles, machinery and IT equipment. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

€ thousands	Land and buildings	Total
Opening balance at 1 April 2019	18,192	18,192
Closing balance at 31 March 2020	17,353	17,353
Depreciation expense for the year	838	838

Additions to the right-of-use assets during the year ended 31 March 2020 were nil.

Lease liabilities

The maturity analysis of the contractual undiscounted cash flows are as follows:

As at 31 March (€ thousands)	2020
Less than one year	1,738
Between one and five years	7,639
More than five years	26,289
Total undiscounted lease liabilities	**35,666**

The following amounts are included in the Balance Sheet as at 31 March 2020:

As at 31 March (€ thousands)	2020
Current lease liabilities	331
Non-current lease liabilities	19,033
Total lease liabilities	**19,364**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 LEASES (CONTINUED)

The following amounts are recognised in the consolidated income statement for the year ended 31 March 2020:

As at 31 March (£ millions)	2020
Interest expense on lease liabilities	1,350

The following amounts are recognised in the consolidated statement of cash flow for the year ended 31 March 2020:

As at 31 March (£ millions)	2020
Cash payments for the principal portion of lease liabilities (within financing activities)	-
Cash payment for interest expense related to lease liabilities (within financing activities)	474
Total cash outflow for leases	**474**

The Company has applied IFRS 16 from 1 April 2019 using the modified retrospective method, meaning the comparative information for the year ending 31 March 2019 has not been restated. As a result, the comparative information provided for the fiscal period below continues to be accounted for in accordance with the Group’s previous lease accounting policy under IAS 17 *Leases*.

LEASE AS A LESSEE under IAS 17

The future minimum non-cancellable finance lease rentals are payable as follows:

As at 31 March (€ thousands)	2019
Less than one year	1,655
Between one and five years	6,396
More than five years	7,670
Total lease payments	**15,721**

The total operating lease charge recognised in the income statement in the period to 31 March 2019 was €700,000.

18 SHARE CAPITAL

The company has issued 100 shares at their nominal value of €100 (€1 per share). No new shares were issued in the period 31 March 2020

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Financial assets and liabilities.

The following tables presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2020 and 31 March 2019:

(€ thousands)	Loans and receivables	Total carrying value	Total fair value
Amounts owed by group undertakings	5,516	5,516	5,516
Cash and cash equivalents	279	279	279
Total financial assets at 31 March 2020	**5,795**	**5,795**	**5,795**

Financial liabilities

(€ thousands)	Other financial liabilities	Total carrying value	Total fair value
Accounts payable	3,418	3,418	3,418
Loans owed to group undertakings	12,234	12,234	12,234
Total financial assets at 31 March 2020	**15,652**	**15,652**	**15,652**

Financial assets

(€ thousands)	Loans and receivables	Total carrying value	Total fair value
Amounts owed by group undertakings	4,628	4,628	4,628
Cash and cash equivalents	653	653	653
Total financial assets at 31 March 2019	**5,281**	**5,281**	**5,281**

Financial liabilities

(€ thousands)	Other financial liabilities	Total carrying value	Total fair value
Accounts payable	4,065	4,065	4,065
Loans owed to group undertakings	8,275	8,275	8,275
Total financial liabilities at 31 March 2019	**12,340**	**12,340**	**12,340**

The loans owed to group undertakings in note 16 are subject to a variable interest rate. An increase/decrease of 50 basis points in interest rates at the balance sheet date would result in an impact of €41,375 in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 CAPITAL MANAGEMENT

The company's objectives when managing capital are to ensure its going concern operation and to maintain an efficient capital structure to reduce the cost of capital, support the corporate strategy and to meet shareholder expectations.

The capital structure and funding requirements are regularly monitored by the Board of Directors to ensure sufficient liquidity is maintained by the company. All debt issuance and capital distributions are approved by the Board of Directors.

The company has no external borrowings and is funded by equity, and if required, immediate parent company loans.

21 NOTES TO THE CASH FLOW STATEMENT

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

(€ millions)	2020	2019
Proceeds from short-term loans from group undertakings	12,234	8,275
Balance at 31 March 2020	**12,234**	**8,275**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 RELATED PARTY TRANSACTIONS

The company's related parties include Tata Sons Ltd., subsidiaries, associates and joint ventures of Tata Sons Ltd which includes Tata Motors Limited, (the ultimate parent company), subsidiaries, associates and joint ventures of Tata Motors Limited. The company routinely enters into transactions with these related parties in the ordinary course of business including transactions for sale and purchase of products with its associates and joint ventures.

The following is a summary of related party transactions and balances not eliminated in the company financial statements. All related party transactions are conducted under normal terms of business. All amounts outstanding are unsecured and will be settled in cash.

- €24,116,477 of revenue for services in note 3 was for services provided to the immediate parent company (2019: €13,531,409).
- €50,028 of costs incurred in the period related to SAP services received from Tata Consultancy Services Limited (2019: €46,195).
- €5,516,456 was due from the immediate parent company as at 31 March 2020 for services provided during the period – See note 11(2019: €4,628,329).
- €445,427 was due to the immediate parent company as at 31 March 2020 for costs incurred during the period – See note 14 (2019: €1,475,970).
- A short term loan of €12,233,542 was due to the immediate parent company as at 31 March 2020 – see note 16 (2019: €8,275,419).

Compensation of key management personnel

Year ended 31 March (€ thousands)	31 March 2020	31 March 2019
Short-term benefits	367	349
Post-employment benefits	21	20
Total	**388**	**369**

23 IMMEDIATE AND ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The immediate parent undertaking is Jaguar Land Rover Limited and the ultimate parent undertaking and controlling party is Tata Motors Limited, India which is the parent of the largest group to consolidate these financial statements. The smallest group which consolidates these financial statements is Jaguar Land Rover Automotive plc.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai – 400001, India. Copies of the Jaguar Land Rover Automotive plc consolidated financial statements can be obtained from the company's registered office.