Jaguar Land Rover North America, LLC

Financial Statements

For fiscal years ended

31 March 2018 and 2017

INDEX TO FINANCIAL STATEMENTS

Statutory Financial Statements of Jaguar Land Rover North America, LLC

AUDIT OPINION

Jaguar Land Rover North America, LLC
Balance Sheets
In $USD

	Note	As at 31 March 2018	As at 31 March 2017
Non-current assets			
Property, plant and equipment	3	$ 47,009,046	$ 16,715,533
Other financial assets	4	2,317,395	2,655,709
Deferred income taxes	5	76,422,594	88,178,138
Total non-current assets		125,749,035	107,549,380
Current assets			
Inventories	6	726,519,323	979,491,874
Trade receivables	22	30,075,509	125,538,258
Finance receivables	8, 22	546,968,304	375,621,406
Other current assets	9	21,401,126	2,061,250
Cash and cash equivalents	10	60,013,558	6,379,318
Assets held for sale	3	12,497,000	12,497,000
Total current assets		1,397,474,820	1,501,589,106
Total assets		1,523,223,855	1,609,138,486
Current liabilities			
Accounts payable		(257,740,543)	(679,768,359)
Marketing provisions	11	(631,041,379)	(525,446,461)
Financial liabilities		(405,466)	(390,160)
Other current liabilities	12	(112,519,945)	(91,034,339)
Provisions	14	(11,259,422)	(10,682,527)
Current income tax liabilities	5	(60,634,260)	(24,521,240)
Total current liabilities		(1,073,601,015)	(1,331,843,086)
Non-current liabilities			
Other non-current liabilities	13	(185,087,377)	(152,395,961)
Provisions	14	(15,103,074)	(19,947,743)
Other financial liabilities		(1,724,907)	(2,035,985)
Total non-current liabilities		(201,915,358)	(174,379,689)
Total liabilities		(1,275,516,373)	(1,506,222,775)
Equity attributable to shareholders			
Ordinary shares		(40,000,000)	(40,000,000)
Share premium		(117,300,000)	(117,300,000)
Retained earnings		(90,730,381)	53,061,226
Accumulated other comprehensive income:			
Pension reserve		322,899	1,323,062
Equity attributable to shareholders		(247,707,482)	(102,915,711)
Total liabilities and equity		$ (1,523,223,855)	$ (1,609,138,486)

See accompanying notes to the financial statements

Jaguar Land Rover North America, LLC
Income Statements
In $USD

	Note	Year ended 31 March 2018	2017
Income			
Revenue		$ 7,459,630,146	$ 6,917,937,677
Cost of sales	6	(6,555,158,567)	(6,293,564,200)
Gross profit		904,471,579	624,373,477
Employee costs	16	(45,211,205)	(44,611,107)
Other expenses	17	(586,907,982)	(547,474,808)
Other income	18	13,429,769	11,684,036
Depreciation and amortisation	3	(3,285,926)	(3,465,353)
Foreign exchange (expense)/income		(86,211)	37,918
Finance income		3,369,971	1,383,037
Finance costs		(3,207,802)	(1,422,965)
Profit before tax		282,572,193	40,504,235
Income Tax Expense	5	(137,703,316)	(15,412,208)
Profit for the period		$ 144,868,877	$ 25,092,027

Jaguar Land Rover North America, LLC
Statements of Comprehensive Income
In $USD

	Year ended 31 March 2018	2017
Profit for the period	$ 144,868,877	$ 25,092,027
Items that will not be reclassified subsequently to Income statement:		
Actuarial loss, net of tax (expense)/benefit of ($570,555) and $95,047 for fiscal years ended 31 March 2018 and 2017, respectively	(77,105)	(81,833)
Reclass pension cumulative actuarial loss in Other comprehensive income to Retained Profit upon termination	1,077,268	-
Other comprehensive income/(loss) for the year	1,000,163	(81,833)
Total comprehensive income for the year	$ 145,869,040	$ 25,010,194

See accompanying notes to the financial statements

Jaguar Land Rover North America, LLC

Statements of Cash Flows
In $USD

	Note	For the Fiscal Year Ended 31 March 2018	2017
Cash flows from operating activities:			
Profit for the period		$ 144,868,876	$ 25,092,028
Adjustments for noncash items included in net income:			
Depreciation and amortization	3	3,285,926	3,465,353
Inventory write-down		6,437,966	2,089,926
Loss on sale of assets / assets written off	3	28,436	466,361
Minimum pension liability		1,000,163	(81,833)
Reclass pension cumulative actuarial loss in Other comprehensive income to Retained Profit upon termination		(1,077,268)	-
Impairment to Asset held for sale	3	-	2,010,365
Income tax expense	5	137,703,316	15,412,208
Interest expense / (income)		354	14,877
		292,247,769	48,469,285
Changes in assets and liabilities:			
Decrease in Other Financial Assets (Non-current)		338,314	418,127
Decrease/(Increase) in Deferred tax assets		11,755,544	(45,784,803)
Decrease/(Increase) in Inventories		246,534,585	(425,985,449)
Decrease/(Increase) in Trade receivables		95,462,749	(75,913,283)
(Increase)/Decrease in Finance receivables		(174,716,869)	112,110,832
(Increase)/Decrease in Other Current Assets		(19,339,876)	1,995,434
Decrease in Current income tax assets		-	8,597,947
(Decrease)/Increase in Trade payables		(422,027,814)	115,663,146
(Decrease)/Increase in Current income tax liabilities		(10,960,608)	38,528,325
Increase in Marketing Provisions		105,594,918	149,618,266
Increase in Financial Liabilities (Current)		15,306	71,192
Increase in Other Current Liabilities		24,693,408	11,287,453
Increase/(decrease) in Provisions (Current)		576,895	4,091,751
Increase in Other Non-Current Liabilities		32,691,416	79,701,832
(Decrease)/Increase in Provisions (Non-current)		(4,844,669)	12,396,282
(Decrease)/Increase in Other Financial Liabilities (Non-current)		(311,078)	120,048
Cash generated from operating activities		177,709,988	35,386,385
Income tax paid		(90,629,688)	(29,419,293)
Net cash generated from operating activities		87,080,300	5,967,092
Cash flows from investing activities:			
Interest received		3,369,617	1,397,913
Payments for property, plant and equipment	3	(33,607,875)	(6,804,934)
Net cash used by investing activities		(30,238,258)	(5,407,021)
Cash flows from financing activities:			
Interest paid		(3,207,802)	(1,422,965)
Net cash used by financing activities		(3,207,802)	(1,422,965)
Net change in cash and cash equivalents		$ 53,634,240	$ (862,894)
Cash and cash equivalents, beginning of the year		6,379,318	7,242,212
Cash and cash equivalents, end of the year		$ 60,013,558	$ 6,379,318

See accompanying notes to the financial statements

Statements of Changes in Equity
In $USD

	Ordinary Share Capital	Share Premium	Retained Earnings	Pension Reserve	Total Equity
Balance at 31 March 2016	$ (40,000,000)	$ (117,300,000)	$ 78,153,254	$ 1,241,229	$ (77,905,517)
Profit for the period			(25,092,028)		(25,092,028)
Other comprehensive loss for the year, net of tax benefit of $95,047				81,833	81,833
Balance at 31 March 2017	$ (40,000,000)	$ (117,300,000)	$ 53,061,227	$ 1,323,062	$ (102,915,711)
Profit for the period			(144,868,876)		(144,868,876)
Reclass pension cumulative actuarial loss in Other comprehensive income to Retained Profit upon termination			1,077,268	(1,077,268)	-
Other comprehensive loss for the year, net of tax expense of $570,555				77,105	77,105
Balance at 31 March 2018	$ (40,000,000)	$ (117,300,000)	$ (90,730,381)	$ 322,899	$ (247,707,482)

See accompanying notes to the financial statements

1. Background and operations

Jaguar Land Rover North America, LLC (the "Company" or "JLRNA") is a limited liability company registered in the State of Delaware. The registered office address is c/o Corporation Services Company 251 Little Falls Drive Wilmington, DE 19808. JLRNA is an importer and distributor of luxury sedans, sport utility vehicles and parts in the United States market. The Company also offers various vehicle related service plans to end users of its vehicles. The Company's primary areas of business are the distribution, marketing, sales, and service of its products.

JLRNA headquarters is located at 100 Jaguar Land Rover Way Mahwah, New Jersey, with four regional offices located around the United States as well as two dedicated training facilities. The Company relocated its headquarters in March 2018 to a new, state of the art workplace. The previous headquarters was officially sold on 30 April 2018.

JLRNA is a wholly-owned subsidiary of Jaguar Land Rover Limited ("JLR Limited"), which is a UK company. The ultimate parent and controlling party is Tata Motors Limited ("TML"), registered and domiciled in India.

The vehicles are purchased from JLR Limited and imported into the United States. Parts are primarily sourced from JLR Limited with some domestic procurement.

The parts business is managed under two different relationships with third party logistics providers whereby the third parties manage the warehousing of physical inventory and distribution. JLRNA owns the inventory and manages the sale and collection function.

As a limited risk distributor, JLRNA operates under an advanced transfer pricing agreement ("APA") with JLR Limited whereby pretax operating profit is set at 1.25% of revenue. In past years this was set at 0.55% of revenue. During the year ended 31 March 2018, at the conclusion of a pricing study commissioned by us, the APA was changed to reflect the higher operating profit target percentage. This target change was deemed effective for past fiscal years ended 31 March 2015 through 31 March 2017. As such, an additional $185.1 million was retroactively recognized as pretax profit in the fiscal year ended 31 March 2018 related to those past fiscal years. This resulted in a tax liability of $66.3 million that will be remitted to the taxing authorities in June 2018.

2. Significant accounting policies

a. *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as "IFRS") as issued by the International Accounting Standards Board (referred to as "IASB"). The results of the Company are included in the consolidated financial statements of JLR Limited and its ultimate parent, TML and these are publicly available.

Basis of preparation
The financial statements have been prepared on historical cost basis. The Company's fiscal year end is 31 March of each year.

All figures are presented in US dollars unless otherwise stated.

Note 2 – Significant accounting policies (continued)

b. *Use of estimates and judgments*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

i) Note 3 – Property, plant and equipment – the Company applies judgement in determining the estimate useful life of assets.

ii) Note 5 – Recoverability/recognition of deferred tax assets –management applies judgement in establishing the timing of the recognition of deferred tax assets relating to historic losses.

iii) Note 11 – Variable marketing incentives are estimated at the balance sheet date based on approved programs that are in place to incentivize retailers to meet sales volume requirements. These program needs can change from the initial expectation due to, among other variables, prevailing interest rates, competitive market conditions, macroeconomic factors, supply and demand, etc. Such changes will impact balances previously recorded.

iv) Note 14 – Provisions – it is necessary for the Company to assess the provision for anticipated payments on locally offered vehicle services under such programs as roadside assistance and service loaner. The valuation of these provisions requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs, which are based on expectations of product failure rates. Additionally, the Company is responsible for some of the residual value risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically three years.

v) Notes 12 & 13 – Other current liabilities and Other noncurrent liabilities - it is necessary for the Company to assess the anticipated payments on locally offered vehicle services under such programs as certified pre-owned ("CPO"), scheduled maintenance, and connected car. Revenue related to these programs is deferred and recognized over the life of the service plan in line with when the claims emerge. The timing of the recognition of this deferred revenue requires a significant amount of judgement and the requirement to form appropriate assumptions around expected future costs, which are based on expectations of product failure rates for CPO, and retail customer take rates for scheduled maintenance and connected car.

vi) Note 19 – Assets and obligations relating to employee benefits – it is necessary for actuarial assumptions to be made, including discount and mortality rates and the long-term rate of return upon scheme assets. The Company engages a qualified actuary to assist with determining the assumptions to be made when evaluating these liabilities.

Note 2 – Significant accounting policies (continued)

c. Going concern / Events after the Balance Sheet date

As a wholly-owned subsidiary of JLR Limited, the Company's going concern is linked to the going concern of that entity.

The directors of the Company have considered the financial position of JLR Limited at 31 March 2018 and the projected cash flows and financial performance of JLR Limited for at least 12 months from the date of approval of these financial statements, and believe that the plan for sustained profitability remains on course.

The directors of the Company have taken actions to ensure that appropriate long term cash resources are in place at the date of signing the accounts to fund the Company's operations.

Therefore the directors of the Company consider, after making appropriate enquiries and taking into consideration the risks and uncertainties, the Company has adequate resources to continue in operation as a going concern for the foreseeable future and is able to meet its financial covenants linked to the borrowings in place. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

There were no events occurring after the balance sheet date that would have a material impact on the Company's results of operations, financial position or cash flows.

d. Revenue recognition

Revenue is measured at fair value of consideration received or receivable.

The Company recognizes revenues on the sale of vehicles, net of discounts, sales incentives, customer bonuses and rebates granted, when products are segregated for dispatch to dealers, which is when risks and rewards of ownership pass to the customer. Revenues on the sale of parts is recognized upon shipment. Sale of products is presented net of excise duty where applicable and other indirect taxes.

Revenues are recognized when collectability of the resulting receivable is reasonably assured.

For certain service plans, the Company defers revenue received for the future services to be provided. In the case of certified pre-owned warranties, cash is explicitly received at the point of vehicle certification; this cash is deferred and recognized over the life of the service plan in line with when the claims are expected to emerge. In the case of complementary scheduled maintenance programs and connected car, the cost of these services is embedded in the price of the vehicle. The Company defers a portion of the revenue attributable to these service plans and recognizes it when the service is expected to be provided.

e. Cost recognition

Costs and expenses are recognized when incurred and are classified according to their nature.

Note 2 – Significant accounting policies (continued)

f. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Locally offered vehicle services expenses

The estimated liability for locally offered vehicle services under such programs as roadside assistance and service loaner are recorded when vehicles are sold to retailers. These estimates are established using historical information on the nature, frequency and average cost of claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when claim will arise, being typically up to five years.

ii) Residual risk

In the normal course of business, the Company has a vehicle residual risk sharing arrangement with a financial institution that underwrites retail leases. The Company is not a party to these retail leases. Under the arrangement that was in effect until 31 March 2018, residual collateral deposits were made quarterly based on the final expected residual values of the underlying vehicle at lease termination. At certain points in the life of the retail leases, an interim review was performed and if there was excess collateral on deposit, the Company was entitled to receive a refund of previously deposited collateral.

Effective 1 April 2018, a revised residual risk sharing agreement has been executed that will revise the risk sharing agreement for future lease contracts. No collateral will be required for future lease contracts. Additionally, with the new contract, the financial institution will bear a greater proportion of risk for lease pool losses up to 9.25% of residual value, after which JLR bears 100% of loss risk. This compares to the previous contract where the financial institution bore 100% of lease pool residual risk up to 6.5% of losses incurred, from 6.5 to 12% loss, the losses where shared equally by the financial institution and JLRNA, and JLRNA bore 100% of pool losses over 12%.

g. Foreign currency

These financial statements are presented in United States Dollars (USD).

Transactions are typically not recorded in foreign currencies; in the rare instance of such a transaction, they would be recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into USD at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the Income Statements.

Note 2 – Significant accounting policies (continued)

h. Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Income Statements except, when it relates to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss, or where it arises from the initial accounting for 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 the taxable income of the Company and tax rules applicable for the USA.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized 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 utilized.

h. Income Taxes (continued)

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

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

i. Inventories and Cost of sales

Inventories consist of finished vehicles and automotive parts and accessories and are valued at the lower of cost and net realizable value. As a limited risk distributor the Company operates under a transfer price agreement with JLR Limited whereby pretax profit is set at 1.25% of revenue. Profit adjustments, negative or positive, to meet the required profit targets, are reflected in the Income Statements as a component of Cost of sales.

j. Property, plant and equipment

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

Land is measured at cost and is not depreciated.

Cost includes purchase price, taxes and duties, labor 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.

Note 2 – Significant accounting policies (continued)

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

	Estimated useful life in years
Buildings and leasehold improvements	Lesser of lease term or useful life
Office machines & equipment	12.5 - 14.5
Vehicles	8
Computer equipment	10
Software	3 - 8
Furniture & fixtures	12.5
Auto show displays	5

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital work-in-progress includes capital advances.

k. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement. Currently, the Company only has operating leases. Payments made under operating leases are recognized in the Income Statements on a straight-line basis over the term of the lease.

l. Impairment - Property, plant and equipment

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment may be impaired. If any such impairment indication 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.

Recoverable amount is the higher of fair value less costs to sell 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 recognized immediately in the Income Statements.

Note 2 – Significant accounting policies (continued)

During the fiscal year ended 31 March 2017, the Company finalized its plans to relocate its headquarters to a more suitable facility in close proximity to the current headquarters. As a result, the current headquarters facility was put up for sale. Land and buildings with a cost basis of $21.8 million, accumulated depreciation of $7.3 million and net book value of $14.5 million were reclassed to Assets held for sale. Subsequently, a bona fide purchase offer was received from a third party and accepted by the Company at an amount below the carrying value of the property. Based on the letter of intent from the buyer, approximately $2.0 million was recorded as an impairment on that property, to align the carrying value with the net proceeds to be received and the fair value of the property less costs to dispose. This amount was recorded within Other expenses on the Income Statements for the year ended 31 March 2017. This sale was completed on 30 April 2018. As of 31 March 2018, none of the Company's other property, plant and equipment were considered impaired.

m. Employee benefits

Pension plans

The Company has several defined pension plans which cover certain employees. A participating employee's annual postretirement pension benefit is determined by the employees' credited service and in most plans, final average annual earnings with the Company. The Company's funding policy is to annually contribute the statutory required minimum amount as determined by an actuary. The Company also maintains plans providing other postretirement benefits covering substantially all salaried employees. The Company funds these benefits on a pay-as-you go basis; the following is a brief summary of the plans provided:

Plan Descriptions:

a. *Retirement Plan for Salaried Employees of Jaguar Cars* — Qualified defined benefit plan for Jaguar Legacy employees. This plan was settled during the year ended 31 March 2018. Previously, the Plan covered approximately 30 active employees, 44 inactive with deferred benefits, and 184 in pay status; service frozen in 1996 and pay frozen in October 2009. At 31 March 2017 this plan was underfunded by $1.0 million. As a result of the settlement, the Company has no future obligation related to this plan or to any of its participants.

b. *Land Rover Supplemental Death and Retirement Income Plan* — Non-qualified benefit plan providing monthly benefits for four former Land Rover employees.

c. *Special Agreement* – A non-qualified agreement with a former Land Rover executive providing monthly benefits.

d. *Jaguar Land Rover* Excess Benefit Plan - Non-qualified defined contribution plan providing restoration benefits for those restricted by Internal Revenue Service limits under the 401(K) Retirement Savings Plan; presently has four employees covered.

e. *Jaguar Land Rover Excess Retiree Medical Plan* — Post-retirement health care plan providing a subsidy for health coverage based on years of service. This plan excluded: 1) employees hired after January 1, 2009 and 2) employees who transferred from Ford to JLRNA who were age 55 or older and had 10 years of service with Ford. Presently two retirees are receiving a subsidy.

Note 2 – Significant accounting policies (continued)

Additionally, the Company sponsors and administers a 401(k) Savings Plan (the "Savings Plan") for the benefit of its employees. Recordkeeping services are provided by a third party plan administrator. The Savings Plan covers all eligible employees of the Company and enables eligible participants to contribute up to statutory limitations. An employee may elect to participate in the Savings Plan after having met certain minimum requirements. Participants are fully vested in the Savings Plan at all times with respect to their contributions, after 2 years of service with respect to the Company's contributions (Company Match) and after 3 years of service for the Company's contributions for Profit Sharing and Supplemental Contributions. The Company maintains at its discretion the right to change the level of matching contributions and to amend, modify, or terminate the Savings Plan.

Actuarial gains and losses

Actuarial gains and losses relating to retirement benefit plans are recognized directly in the Statements of Comprehensive Income in the period in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognized in the Income Statements in the period in which they arise.

Measurement date

The measurement date of retirement plans is March 31.

n. *Financial instruments*

i) *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, 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 and other financial liabilities.

Financial instruments are recognized on the Balance Sheets when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized 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 amortized cost using the effective interest method less any impairment losses.

These includes trade receivables, finance receivables, balances with banks, short-term deposits with banks, other financial assets and investments with fixed or determinable payments.

Note 2 – Significant accounting policies (continued)

Other financial liabilities: These are measured at amortized cost using the effective interest method.

ii) Determination of fair value:

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). 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. All financial instruments held have a quoted market price in an active market. Valuation techniques include discounted cash flow method and other valuation models and utilize available market data.

iii) Derecognition of financial assets and financial liabilities:

The Company derecognizes 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 recognizes 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 recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

iv) Impairment of financial assets:

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset 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. 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 recognized in the Income Statements. If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The reversal is recognized in the Income Statements.

Note 2 – Significant accounting policies (continued)

o. Deferred revenue

In the normal course of business, the Company offers a certified pre-owned warranty program ("CPO") for its vehicles. Upon reported sale of a CPO vehicle by an authorized retailer, the Company defers all revenue received from the retailers for the sale of this service contract. The revenue is released to profits in line with the trend of expected claims payments over the life of the CPO coverage. The Company does not receive any other revenue related to the sale of the vehicle by the retailer. Additionally, the company offers a variety of scheduled maintenance plans, either complementary or customer paid, which vary by make/model and model year. For complementary scheduled maintenance offerings, the Company allocates a portion of the wholesale revenue of the vehicle and defers this revenue over the life of the service offerings. This deferred revenue is recognized over the life of the service plan in line with expected claims emergence. For customer prepaid scheduled maintenance, the proceeds from the sale of the prepaid program is deferred and recognized over the life of the service plan in line with expected claims emergence. The Company also equips vehicles with "connected car" hardware and software whereby the owner can enable the car as a wifi hotspot, activate on-demand roadside assistance in the event of an emergency, infotainment, vehicle tracking, and vehicle remote control. The Company provides the hardware as a permanent attachment to the vehicle and provides a trial period of software activation; for both of these, a portion of wholesale revenue is deferred. The owner can activate software features beyond the trial period at their own expense.

p. New accountingpronouncements

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

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. JLR Limited and JLRC has undertaken an assessment of the impairment provisions, especially with regards to Trade Receivables and has applied the simplified approach under the standard. The Company operates with major financial institutions who take on the principal risks of sales to customers and consequently the Company receives full payment for these receivables between 0 – 30 days.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Company's risk management practices. The Company has undertaken an assessment of their IAS 39 hedge relationships against the requirements of IFRS 9 and have concluded that the Company's current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9.

Foreign exchange gains/losses for non-financial items will now be recognised as an adjustment to that non-financial item (i.e. inventory) when recorded on the balance sheet and this adjustment will be made on a prospective basis from 1 April 2018.

Note 2 – Significant accounting policies (continued)

p. *New accounting pronouncements (continued)*

The Company has undertaken an assessment of the above changes and the Company does not expect a material impact on the financial statements. Under the transition rules of IFRS 9, JLR Limited will restate comparative financial information for accounting for both the time value of options and cross currency basis. This does not impact JLRC materially.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations (such as IFRIC 13 Customer Loyalty Programmes).

Application of IFRS 15 is mandatory for reporting periods beginning on or after 1 January 2018, although early adoption is permitted. The Company will apply IFRS 15 for the first time for the financial year beginning on 1 April 2018.

The Company proposes to apply the modified retrospective application approach, meaning that comparative periods are not restated according to IFRS 15. Instead, the cumulative effect of the application of the Standard will be recognised in opening balance sheet reserves.

The new standard identifies a comprehensive five-step model for determining revenue recognition, including the amount and timing that revenue is recognised. This is generally to be applied to all contracts with customers. The model depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

The Company has assessed the impact on the financial statements of adopting IFRS 15 and it is not expected to have a significant impact on the Company's profitability, liquidity and capital resources or financial position.

The introduction of the Standard will give rise to new financial statement categories in the statement of financial position, being "contract assets" and "contract liabilities." These items can arise through advance payment or advance delivery at the contract level. In addition, disclosure requirements are extended.

The IASB published Amendments to IFRS 15 in April 2016. These changes allow for transitional arrangements for modified and fulfilled contracts, and clarify the identification of performance obligations, principal-agent relationships, and licenses. The application of these amendments is also not expected to have any major impact on the Company's profitability, liquidity and capital resources or financial position.

IFRS 16 ('Leases') sets out a new approach to accounting for leases by lessees. Whilst under IAS 17, the accounting treatment of a lease was determined on the basis of the transfer of risks and rewards incidental to ownership of the asset, whereas under the new standard, all leases in general are to be accounted for by the lessee in a similar way to finance lease arrangements. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement and the adoption of IFRS 15.

The Company has continued with its IFRS 16 project during the financial year though as the compilation and assessment of contracts has yet to be concluded, a reliable quantitative measurement cannot be made. The Company will however apply the available exceptions regarding the recognition of short-term leases and low value leasing assets.

Note 2 – Significant accounting policies (continued)
p. *New accounting pronouncements (continued)*

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 was published on 18 May 2017 and replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. For fixed-fee service contracts whose primary purpose is the provision of services, such as roadside assistance, entities have an accounting policy choice to account for them in accordance with either IFRS 17 or IFRS 15. Due to the existing operating activities of the Company, adoption of IFRS 17 is not expected to have a material impact on either the profitability or the net assets of the Company.

IFRIC 23 Uncertainty over Income Tax Treatments was published in June 2017 which sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Interpretation applies to annual reporting periods beginning on or after 1 January 1 2019 with earlier application permitted.

The IASB issued IFRIC 22 (Foreign Currency Transaction and Advance Consideration) in December 2016 which clarified accounting requirements with respect to exchange rate to be used for reporting foreign currency transactions when payment is made or received in advance. This is effective for annual periods beginning on or after 1 January 2018. The Company is currently assessing the impact of adopting IFRIC 22.

The IASB issued amendments to IAS 19 (Employee Benefits) in February 2018 which clarified the accounting for plan amendments, curtailments and settlements. If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company is currently assessing the impact of adopting the amendments.

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.

3. Property, plant and equipment / Assets held for sale

	Land and buildings	Plant and equipment	Capital Work-in-Progress	Vehicles	Computers	Furniture and fixtures	Total Fixed Assets	Assets held for sale
Cost as of 1 April 2016	$ 31,327,385	$ 3,494,755	$ -	$ 415,291	$ 4,541,070	$ 7,076,471	$ 46,854,972	$ -
Additions	5,851,759	553,762	-	62,566	4,472	332,375	6,804,934	-
Disposal	-	(765,404)	-	-	-	(128,388)	(893,792)	-
Reclassification to Assets held for sale	(21,783,173)	-	-	-	-	-	(21,783,173)	21,783,173
Impairments	-	-	-	-	-	-	-	(2,010,365)
Capital work-in-progress moved into service	-	-	-	-	-	-	-	-
Cost as of 31 March 2017	$ 15,395,971	$3,283,113	$ -	$ 477,857	$ 4,545,542	$ 7,280,458	$ 30,982,942	$ 19,772,808
Accumulated depreciation as 1 April 2016	$ (8,536,381)	$(1,589,033)	$ -	$ (152,381)	$ (3,819,692)	$ (4,407,806)	$(18,505,294)	$ -
Disposals	-	388,021	-	-	-	39,410	427,431	-
Amount cross charged to UK for Portland depreciation	(1,346,507)	(75,740)	-	(93,242)	(7,311)	(30,924)	(1,553,724)	-
Reclassification to Assets held for sale	7,275,808	-	-	-	-	-	7,275,808	(7,275,808)
Depreciation charge for the year	(682,273)	(251,073)	-	(12,182)	(332,432)	(633,669)	(1,911,629)	-
Accumulated depreciation as of 31 March 2017	(3,289,353)	(1,527,825)	-	(257,805)	(4,159,435)	(5,032,990)	(14,267,408)	(7,275,808)
Net book value as of 31 March 2017	$ 12,106,618	$ 1,755,288	$ -	$ 220,052	$ 386,107	$ 2,247,468	$ 16,715,533	$ 12,497,000
Cost as of 1 April 2017	$ 15,395,971	$ 3,283,113	$ -	$ 477,857	$ 4,545,542	$ 7,280,458	$ 30,982,942	$ 19,772,808
Additions	3,229,693	1,194,877	28,088,394	565,881	64,171	464,859	33,607,875	-
Disposal	-	(846,398)	-	(60,570)	(200,354)	(777,612)	(1,884,933)	-
Capital work-in-progress moved into service	24,410,675	166,473	(28,088,394)	-	356,031	3,155,215	-	-
Cost as of 31 March 2018	$ 43,036,340	$ 3,798,065	$ -	$ 983,168	$ 4,765,390	$10,122,921	$ 62,705,883	$ 19,772,808
Accumulated depreciation as 1 April 2017	$ (3,289,353)	$(1,527,825)	$ -	$ (257,805)	$ (4,159,435)	$ (5,032,990)	$(14,267,408)	$ (7,275,808)
Disposals	-	846,398	-	57,868	200,354	751,877	1,856,497	-
Amount cross charged to UK for Portland depreciation	(1,500,046)	(79,327)	-	(86,956)	(7,311)	(42,037)	(1,715,677)	-
Depreciation charge for the year	(231,909)	(311,128)	-	(48,340)	(261,096)	(717,776)	(1,570,249)	-
Accumulated depreciation as of 31 March 2018	(5,021,308)	(1,071,882)	-	(335,233)	(4,227,488)	(5,040,926)	(15,696,837)	(7,275,808)
Net book value as of 31 March 2018	$ 38,015,032	$2,726,183	$ -	$ 647,935	$ 537,902	$ 5,081,995	$ 47,009,046	$ 12,497,000

CANADA

Notes:

1. The Company did not have any property, plant and equipment under finance lease arrangements.

2. During the fiscal year ended 31 March 2017, the Company finalized its plans to relocate its headquarters to a more suitable facility in close proximity to the current headquarters. As a result, the current headquarters facility was put up for sale. Land and buildings with a cost basis of $21.8 million, accumulated depreciation of $7.3 million and net book value of $14.5 million were reclassed to Assets held for sale. Subsequently, a bona fide purchase offer was received from a third party and accepted by the Company at an amount below the carrying value of the property. Based on the letter of intent from the buyer, approximately $2.0 million was recorded as an impairment on that property, to align the carrying value with the net proceeds to be received and the fair value of the property less costs to dispose. This amount was recorded within Other expenses on the Income Statements for the year ended 31 March 2017. This sale was completed on 30 April 2018. As of 31 March 2017 and 2018, none of the Company's other property, plant and equipment were considered impaired.

4. Other financial assets (non-current)

Other financial assets consist of Assets held in trust for four former Land Rover employees to be paid in monthly installments. This plan is a non-qualified plan. At 31 March 2018 and 2017, these assets amounted to $2.3 million and $2.7 million, respectively. During the fiscal year ended 31 March 2018, a final lump sum payout was made to a beneficiary of one of the participants in the amount of $0.4 million. See *Supplemental Death and Retirement Income Plan* as described in Note 2. m. and Note 19 for additional information.

5. Income taxes

On 22 December 2017, the United States Congress passed the Tax Cuts and Jobs Act ("TCJA") effective for tax years beginning after 31 December 2017. This legislation reduced the federal corporate tax rate from 35% to 21%. As a result, JLRNA utilized a 31.55% tax rate for the fiscal year ended 31 March 2018 to reflect nine months at the old rate and three months at the new rate. For the year ended 31 March 2019, JLRNA will utilize a corporate tax rate of 21% in accordance with the provisions of TCJA. In addition, upon adoption of TCJA, the Company's deferred income taxes were re-measured at a rate of 21%. This resulted in a reduction of Deferred income taxes and an increase in Income tax expense of $37.1 million. The re-measurement of the deferred taxes has no impact on Profit before tax or cash flows during the year ended 31 March 2018.

The components of income tax expense were:

	31 March 2018	31 March 2017
Current taxes:		
For current year	$ 122,481,606	$ 60,647,207
Prior period adjustments	(962,382)	490,493
Deferred taxes:		
For current year	(20,724,000)	(44,268,534)
Effect of changed tax rate	37,100,971	(1,344,557)
Prior period adjustments	(192,879)	(112,401)
Total income tax expense	$ 137,703,316	$ 15,412,208

Income tax expense recognized in the Income Statements consist of the following:

	31 March 2018	31 March 2017
Current	$ 121,519,224	$ 61,137,700
Deferred	16,184,092	(45,725,492)
Total income tax expense	$ 137,703,316	$ 15,412,208

The reconciliation of estimated income tax to income tax expense is as follows:

	31 March 2018	31 March 2017
Profit before taxes	$ 282,572,193	$ 40,504,235
Income tax expense at tax rates applicable to individual entities	89,151,527	14,176,483
Effect of changed tax rate	37,100,971	(1,344,557)
Current state and local taxes (net of federal benefit)	11,928,672	2,145,361
Total permanent differences	222,110	230,083
Change in Income Tax Reserves	-	(55,568)
Others	(699,964)	260,406
Income tax expense reported	$ 137,703,316	$ 15,412,208

Note 5 – Income taxes (continued)

The effective tax rate during the 12 months ended 31 March 2018 and 31 March 2017 were 48.73% and 38.05%, respectively.

Deferred tax assets have been recognized in the Balance Sheets in respect of deductible temporary differences. Significant components of deferred tax asset and liability for the year ended 31 March 2018 were as follows:

	Opening balance	Recognized in Income statement	Recognized in / reclassified from Statement of comprehensive income	Closing balance
Deferred tax assets:				
Expenses deductible in future years - provisions, allowances for doubtful receivables, finance receivables	$ 63,327,052	$ (19,266,899)	$ -	$ 44,060,153
Provisions	-	553,444	-	553,444
Depreciation	1,138,478	(792,122)	-	346,356
Compensated absences and retirement benefits	1,269,086		(570,555)	698,531
Deferred Revenue	23,314,820	13,366,512	-	36,681,332
Total deferred tax asset	$ 89,049,436	$ (6,139,065)	$ (570,555)	$ 82,339,816
Deferred tax liabilities:				
Compensated absences and retirement benefits	$ (871,298)	$ (840)	-	$ (872,138)
Taxable temporary difference – prepaid advertising, Section 481(a) adjustment		(5,045,084)	-	(5,045,084)
Deferred Revenue	-	-	-	-
Total deferred tax liability	$ (871,298)	$ (5,045,924)	$ -	$ (5,917,222)
Net assets	$ 88,178,138	$ (11,184,989)	$ (570,555)	$ 76,422,594

Significant components of deferred tax asset and liability for the year ended 31 March 2017 were as follows:

	Opening balance	Recognized in Income statement	Recognized in / reclassified from Statement of comprehensive income	Closing balance
Deferred tax assets:				
Expenses deductible in future years - provisions, allowances for doubtful receivables, finance receivables	$ 31,952,025	$ 31,375,027	$ -	$ 63,327,052
Provisions	-			-
Depreciation	150,899	987,579	-	1,138,478
Compensated absences and retirement benefits	1,174,039	-	95,047	1,269,086
Deferred Revenue	11,632,948	11,681,872	-	23,314,820
Total deferred tax asset	44,909,911	44,044,478	95,047	89,049,436
Deferred tax liabilities:				
Compensated absences and retirement benefits	$ (1,012,175)	$ 140,877	$ -	(871,298)
Deferred Revenue	(1,504,402)	1,504,402	-	-
Total deferred tax liability	(2,516,577)	1,645,279	-	(871,298)
Net assets	$ 42,393,334	$ 45,689,757	$ 95,047	$ 88,178,138

The deductible temporary differences do not expire under current tax legislation.

6. Inventories

Inventories consist of vehicles and automotive parts and are classified as finished goods and were comprised as follows:

	As at 31 March	
	2018	2017
Vehicle inventory	$ 560,917,683	$ 840,920,900
Parts inventory	177,374,932	146,247,957
Obsolescensce provisions	(11,773,292)	(7,676,983)
Total inventories	$ 726,519,323	$ 979,491,874

Direct cost of inventories (including cost of purchased products) recognized as expense and inventory write-down expense during the years ended 31 March 31 2018 and 2017 were as follows:

	As at 31 March	
	2018	2017
Cost of sales	$ (6,555,158,567)	$ (6,293,564,200)
Inventory write-down expense	$ (6,437,966)	$ (2,089,926)

7. Operating Leases

The Company has taken land, buildings, plant and equipment, computers and furniture and fixtures under operating leases. The Company does not have any finance leases. During the year ended 31 March 2018, the Company finalized its plans to relocate its headquarters to a more suitable facility in close proximity to the current headquarters. The move was completed in March and April 2018. As a result, the current headquarters facility was put up for sale and a 20 year lease was signed for the new facility.

The following is a summary of future minimum lease rental payments under non-cancellable operating leases entered into by the Company and operating lease rent expense recognized:

	Minimum Lease Payments	
	31 March 2018	31 March 2017
Not later than one year	$ 4,702,914	$ 2,791,764
Later than one year but not later than five years	17,189,203	17,590,621
Later than five years	45,269,170	47,471,448
Total minimum lease commitments	$ 67,161,287	$ 67,853,833

	31 March 2018	31 March 2017
Operating lease rent expense	$ 3,520,998	$ 1,683,781

8. Finance Receivables

Finance receivables consist of an intercompany loan receivable with the parent company of $547.0 million and $375.6 million at 31 March 2018 and 2017, respectively. See Related Party note 26 for further detail.

9. Other Current Assets

Other current assets consist of the following:

	As at 31 March	
	2018	2017
Current tax asset	$ 52,508	$ 34,688
Prepaid warranty insurance	876,662	817,447
Prepaid marketing costs	18,610,198	647,145
Prepaid expenses - miscellaneous	1,861,758	561,970
Other current assets	$ 21,401,126	$ 2,061,250

10. Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks for operating purposes. At 31 March 2018 and 2017 the Company had cash of $60.0 million and $6.4 million, respectively.

11. Marketing Provisions

Variable marketing accruals are comprised of liabilities for dealer incentives. Variable dealer margin consists of retailer funds held pending distribution upon completion of certain performance metrics. Fixed marketing accruals are comprised of liabilities for advertising and promotion. These accruals amounted to:

	As at 31 March	
	2018	2017
Variable marketing	$ (291,866,820)	$ (245,744,178)
Variable dealer margin	(292,290,171)	(240,727,161)
Fixed marketing	(46,884,388)	(38,975,122)
Total marketing accruals	$ (631,041,379)	$ (525,446,461)

12. Other current liabilities

Other current liabilities consist of the following:

	As at 31 March	
	2018	2017
Import duties and sales/use tax	$ (29,656,415)	$ (29,997,767)
Unearned revenue - financial services	-	(6,100,000)
Deferred revenue - certified pre-owned programs	(29,541,782)	(24,508,263)
Deferred revenue - service plans	(37,781,074)	(21,483,308)
Deferred revenue - connected car	(15,045,674)	(8,562,001)
Vehicle deposits	(495,000)	(383,000)
Total Other current liabilities	$ (112,519,945)	$ (91,034,339)

13. Other Non-current Liabilities:

Other non-current liabilities consist of the following:

	As at 31 March	
	2018	2017
Deferred revenue - certified pre-owned programs	$ (48,179,399)	$ (46,246,549)
Deferred revenue - service plans	(84,685,348)	(65,811,789)
Deferred revenue - customer prepaid plans	(15,231,196)	(13,270,605)
Defined benefits obligations	(4,474,622)	(6,470,805)
Deferred revenue - connected car	(32,516,812)	(20,596,213)
Total Other non-current liabilities	$ (185,087,377)	$ (152,395,961)

14. Provisions

Provisions consist of accruals for the Company's expected future cash flow related to locally offered vehicle services under such programs as roadside assistance and service loaner as well as residual risk sharing agreements on leased vehicles. These provisions mature at various intervals over the next five years. The provisions were segregated between current and non-current as follows:

	Locally Offered Vehicle Services	Residual Risk	Total
Balance at March 31, 2016	$ (14,142,237)	$ -	$ (14,142,237)
Provisions made during the year	(22,528,611)	(6,416,500)	(28,945,111)
Provisions used during the year	12,457,078	-	12,457,078
Other adjustments	-	-	-
Balance at March 31, 2017	$ (24,213,770)	$ (6,416,500)	$ (30,630,270)
Current	$ (10,329,504)	$ (353,023)	$ (10,682,527)
Noncurrent	$ (13,884,266)	$ (6,063,477)	$ (19,947,743)
Provisions made during the year	(40,724,583)	(2,684,037)	(43,408,620)
Provisions used during the year	38,575,857	-	38,575,857
Other adjustments	-	9,100,537	9,100,537
Balance at March 31, 2018	$ (26,362,496)	$ -	$ (26,362,496)
Current	$ (11,259,422)	$ -	$ (11,259,422)
Noncurrent	$ (15,103,074)	$ -	$ (15,103,074)

15. Equity

The Company maintained total issued capital in the amount of $157.3 million both at 31 March 2018 and 2017, respectively.

16. Employee Cost

Employee cost consists of the following:

	Year ended 31 March	
	2018	2017
Salaries, wages and bonus	$ 39,480,124	$ 38,851,461
Benefits	5,143,717	4,959,465
Defined benefit pensions	231,134	538,270
Other	356,230	261,911
Total employee costs	$ 45,211,205	$ 44,611,107

17. Other Expenses

Other expenses consist of the following:

	Year ended 31 March 2018	Year ended 31 March 2017
Fixed Marketing	$ 326,070,130	$ 297,016,379
Warranty (Scheduled maintenance, Goodwill, Service loaner and Roadside assistance)	113,916,628	112,935,266
Depots and distribution costs, prep and handling	107,472,478	98,760,132
Consulting costs and other purchased services	9,796,020	8,628,913
Facilities costs	6,522,709	3,377,016
Travel and entertainment costs	3,751,523	3,547,297
Information technology costs	2,948,460	3,077,750
Impairment on asset held for sale	22,793	2,033,762
Other general operating expenses	16,407,241	18,098,293
Total Other expenses	$ 586,907,982	$ 547,474,808

18. Other income

Other income consisted of the following:

	Year ended 31 March 2018	Year ended 31 March 2017
Commissions - extended service plans	$ 1,243,547	$ 1,668,366
Commissions - oil	2,790,971	2,550,161
Satellite radio activation commissions	5,586,925	5,152,810
Tire and navigation revenue share	2,096,330	1,963,084
Miscellaneous items, net	1,711,996	349,615
Total Other income	$ 13,429,769	$ 11,684,036

19. Employee benefits

The Company has several defined pension plans which cover certain employees. A participating employee's annual postretirement pension benefit is determined by the employees' credited service and in most plans, final average annual earnings with the Company. The Company's funding policy is to annually contribute the statutory required minimum amount as determined by an actuary. The Company also maintains plans providing other postretirement benefits covering substantially all salaried employees. The Company funds these benefits on a pay-as-you go basis; the following is a brief summary of the plans provided:

Note 19 – Employee benefits (continued)

Plan Descriptions:

a. Retirement Plan for Salaried Employees of Jaguar Cars — Qualified defined benefit plan for Jaguar Legacy employees. This plan was settled during the year ended 31 March 2018. Previously, the Plan covered approximately 30 active employees, 44 inactive with deferred benefits, and 184 in pay status; service frozen in 1996 and pay frozen in October 2009. At 31 March 2017 this plan was underfunded by $1.0 million. In order to consummate the settlement of this plan, the Company sold the plan assets and corresponding liabilities to a third party insurer who will assume responsibility for all future pension payments. As a result, the Company contributed $0.4 million to the plan, reclassed cumulative actuarial losses of $1.1 million held in Other comprehensive income to Retained earnings, and recognized a settlement gain of $0.9 million. The Company has no future obligations related to this plan or any of its participants.

b. Land Rover Supplemental Death and Retirement Income Plan — Non-qualified benefit plan providing monthly benefits for four former Land Rover employees.

c. Special Agreement – A non-qualified agreement with a former Land Rover executive providing monthly benefits.

d. Jaguar Land Rover Excess Benefit Plan - Non-qualified defined contribution plan providing restoration benefits for those restricted by Internal Revenue Service limits under the 401(K) Retirement Savings Plan; presently has four employees covered.

e. Jaguar Land Rover Excess Retiree Medical Plan — Post-retirement health care plan providing a subsidy for health coverage based on years of service. This plan excluded: 1) employees hired after January 1, 2009 and 2) employees who transferred from Ford to JLRNA who were age 55 or older and had 10 years of service with Ford. Presently two retirees are receiving a subsidy.

Additionally, the Company sponsors and administers a 401(k) Savings Plan (the "Savings Plan") for the benefit of its employees. Recordkeeping services are provided by a third party plan administrator. The Savings Plan covers all eligible employees of the Company and enables eligible participants to contribute up to statutory limitations. An employee may elect to participate in the Savings Plan after having met certain minimum requirements. Participants are fully vested in the Savings Plan at all times with respect to their contributions, after 2 years of service with respect to the Company's contributions (Company Match) and after 3 years of service for the Company's contributions for Profit Sharing and Supplemental Contributions. The Company maintains at its discretion the right to change the level of matching contributions and to amend, modify, or terminate the Savings Plan.

The plans typically expose the Company to actuarial risks such as follows:

Investment Risk - The present value of the designed benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has an investment strategy whereby holdings are primarily in fixed income securities with maturities generally set to match the expected future cash flow required for the Company to meet its obligation. Due to the long-term nature of the plan liabilities and the preference to limit future exposure, the Pension and Investment Committee considers it appropriate that the majority of the plan assets should be invested in fixed income securities.

Interest Risk - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's fixed income investments.

Longevity Risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Defined Benefit Plan

Pension and postretirement medical plans

The following table details the Company's defined benefit obligation for the plans and the fair value of the plan assets:

	Pension Plans As at 31 March		Retiree Medical Plan As at 31 March	
	2018	2017	2018	2017
Change in defined benefit obligation				
Defined benefit obligation at end of prior year	$ 32,554,949	$ 34,462,617	$ 1,963,980	$ 1,878,706
Current service cost	-	-	83,151	84,410
(Gain) / loss on settlements	(907,219)	-	-	-
Interest expense	624,752	1,144,042	79,889	73,743
Benefit payments from plan assets	(1,200,505)	(2,066,042)	-	-
Benefit payments from employer	(874,658)	(493,252)	(13,882)	(8,830)
Settlement payments from plan assets	(28,247,537)	-	-	-
Effect of changes in demographic assumptions	-	-	(31,995)	-
Effect of changes in financial assumptions	805,963	(781,216)	38,935	(44,430)
Effect of experience adjustments	(143,235)	288,800	(245,027)	(19,619)
Defined benefit obligation at end of year	$ 2,612,510	$ 32,554,949	$ 1,875,051	$ 1,963,980

	Pension Plans As at 31 March		Retiree Medical Plan As at 31 March	
	2018	2017	2018	2017
Change in fair value of				
Fair value of plan assets at	$ 28,048,124	$ 30,023,116	$ -	$ -
Interest income	519,645	1,038,557	-	-
Employer contributions	394,531	-	-	-
Employer direct benefit payments	874,658	493,252	13,882	8,830
Benefit payments from plan	(1,200,505)	(2,066,042)	-	-
Benefit payments from employer	(874,658)	(493,252)	(13,882)	(8,830)
Settlement payments from plan assets	(28,247,537)	-	-	-
Administrative expenses paid from plan assets	(99,128)	(322,666)	-	-
Return on plan assets (excluding interest income)	584,870	(624,841)	-	-
Fair value of plan assets at end of year	$ -	$ 28,048,124	$ -	$ -

Net pension and post retirement medical cost consists of the following components:

	Pension Plans		Retiree Medical Plan	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Components of pension cost recognized in				
Current service cost	$ -	$ -	$ 83,151	$ 84,410
(Gain) on settlement	(907,219)	-	-	-
Interest expense on DBO	624,752	1,144,042	79,889	73,743
Interest (income) on plan assets	(519,645)	(1,038,557)	-	-
Administrative expenses and taxes	99,126	250,000	-	-
Defined benefit cost included	$ (702,986)	$ 355,485	$ 163,040	$ 158,153

Amount recognized in Statements of Comprehensive Income consists of:

	Pension Plans		Retiree Medical Plan	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Remeasurements (recognized in other comprehensive income)				
Effect of changes in demographic	$ -	$ -	$ (31,995)	$ -
Effect of changes in financial	805,963	(781,216)	38,935	(44,430)
Effect of experience adjustments	(143,235)	288,800	(245,027)	(19,619)
(Return) on plan assets (excluding	(584,868)	697,507	-	-
Total remeasurements	$ 77,860	$ 205,091	$ (238,087)	$ (64,049)
Total defined benefit cost recognized in P&L and OCI	$ (625,126)	$ 560,576	$ (75,047)	$ 94,104

Information on funding status for all plans is as follows:

	Pension Plans		Retiree Medical Plan	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Funded plans with a defined benefit obligation in excess of plan assets				
Benefit obligation at end of year	$ 2,458,454	$ 32,313,085	$ -	$ -
Fair value of plan assets at	$ 2,317,395	$ 30,703,833	$ -	$ -
Funded plans with a defined benefit obligation less than plan assets				
Benefit obligation at end of year	$ -	$ -	$ -	$ -
Fair value of plan assets at end of year	$ -	$ -	$ -	$ -
Unfunded plans				
Benefit obligation at end of year	$ 154,056	$ 241,864	$ 1,875,051	$ 1,963,980

Note 19 – Employee benefits (continued)

The defined benefit obligation is impacted by discount rate and mortality fluctuations as follows:

	Pension Plans		Retiree Medical Plan	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Discount rate sensitivity				
Discount rate decrease of 25 basis points	$ 2,637,127	$ 33,315,486	$ 1,942,069	$ 2,038,263
Assumption	2.45% - 3.05%	1.50% - 3.60%	3.70%	3.85%
Weighted average duration of defined	0.08% - 3.94%	1.30 - 9.84	14.05	14.85
Discount rate increase	$ 2,588,292	$ 31,812,651	$ 1,810,338	$ 1,892,398
Assumption	2.95% - 3.55%	2.00% - 4.10%	4.20%	4.35%
Weighted average duration of defined benefit obligation (in years)	0.08% - 3.91%	1.30 - 9.84	14.05	14.85
Mortality sensitivity				
Mortality - one year shorter	N/A	$ 28,137,109	$ 1,855,377	$ 1,942,812
Mortality one year longer	N/A	$ 30,049,546	$ 1,894,201	$ 1,984,402

There is no sensitivity to inflation as the future payment obligations are fixed.

The assumptions used in accounting for the pension and post retirement medical plans are set out below:

	Pension Plans		Retiree Medical Plan	
	As at 31 March		As at 31 March	
	2018	2017	2018	2017
Significant actuarial assumptions				
Weighted-average assumptions to determine				
Discount rate	2.70% - 3.30%	1.75% - 3.85%	3.95%	4.10%
Rate of salary increase	N/A	N/A	N/A	N/A
Rate of price inflation	N/A	N/A	N/A	N/A
Rate of pension increases	N/A	N/A	N/A	N/A
Post-retirement mortality table	N/A	RP-2014 White Collar Generational based on Scale MP-2014	RP-2014 mortality backed off to 2006, separate annuitant and nonannuitant, white collar, generational mortality with mortality improvements based on Scale MP-2017	RP-2014 White Collar Generational based on Scale MP-2014
Weighted-average assumptions to determine defined benefit cost				
Discount rate	1.75% - 3.85%	1.45% - 3.60%	4.10%	3.95%
Rate of salary increase	N/A	N/A	N/A	N/A
Rate of price inflation	N/A	N/A	N/A	N/A
Rate of pension increases	N/A	N/A	N/A	N/A
Post-retirement mortality table	RP-2014 White Collar Generational based on Scale MP-2014	RP-2014 White Collar Generational based on Scale MP-2014	RP-2014 White Collar Generational based on Scale MP-2014	RP-2014 White Collar Generational based on Scale MP-2014

The expected return on plan assets is determined considering several applicable factors mainly including the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

Plan Assets

The assets of the Company's defined benefit plans are managed on a commingled basis in a Master Trust. The investment policy and allocation of the assets in the Master Trust were approved by the Company's Benefits and Investment Committee, which has oversight responsibility for the Company's retirement plans.

The Company's pension plan asset allocation as of 31 March 2018 and 2017 by category are as follows:

	As at 31 March	
	2018	2017
Equity securities	0.0%	0.0%
Debt securities	100.0%	94.5%
Balances with banks	0.0%	5.5%

The pension fund assets are invested in accordance with the statement of Investment Policies and Procedures adopted by the Company, which are reviewed annually. Pension fund assets are invested on a going-concern basis with the primary objective of providing reasonable rates of return consistent with available market opportunities, a quality standard of investment, and moderate levels of risk. All securities held have a quoted market price in an active market.

The Company expects to contribute $0.3 million to the pension plans and nil to the post retirement medical plan during the 12 months ended 31 March 2019.

Since the benefit to be received under the Company's post retirement medical plan is a fixed amount per year based on years of service, the liabilities are not sensitive to fluctuations in trend rate assumptions.

Defined contribution plan

The Company's contribution to defined contribution plans was $1.5 million and $1.2 million for years ended 31 March 2018 and 2017, respectively.

20. Commitments and contingencies

In the normal course, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable. Any claims of a product liability nature are assessed and a liability is recorded, if necessary, by JLR Limited.

Management asserts that none of the claims against the Company are probable or estimable, and it believes that none of the contingencies either individually or in aggregate, would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Guarantees

The Company does not make any guarantees for related parties or unrelated third parties.

Note 20 – Commitments and contingencies (continued)

Commitments
In the normal course of business, the Company contracts with third parties to provide goods and/or services to the Company in order to operate day to day.

For commitments related to leases, refer Note 7.

Contingent Asset on Residual Risk

In the normal course of business, the Company has a vehicle residual risk sharing arrangement with a financial institution that underwrites retail leases. The Company is not a party to these retail leases. Under the arrangement that was in effect until 31 March 2018, residual collateral deposits were made quarterly based on the final expected residual values of the underlying vehicle at lease termination. At certain points in the life of the retail leases, an interim review was performed and if there was excess collateral on deposit, the Company was entitled to receive a refund of previously deposited collateral.

Effective 1 April 2018, a revised residual risk sharing agreement has been executed that will revise the risk sharing agreement for future lease contracts. No collateral will be required for future lease contracts. Additionally, with the new contract, the financial institution will bear a greater proportion of risk for lease pool losses up to 9.25% of residual value, after which JLR bears 100% of loss risk. This compares to the previous contract where the financial institution bore 100% of lease pool residual risk up to 6.5% of losses incurred, from 6.5 to 12% loss, the losses where shared equally by the financial institution and JLRNA, and JLRNA bore 100% of pool losses over 12%.

Taxing Authority Reviews
In the normal course of business, the Company is subject to income taxes in numerous federal, state and local jurisdictions and judgement is required in determining the appropriate provision, if any, for transactions where the ultimate tax determination is uncertain. In such circumstances the Company recognizes liabilities for anticipated taxes based on the best information available and where the anticipated liability is both probable and estimable.

The Company has income-tax related contingent liabilities where the ultimate tax determination is uncertain. No provision has been recognized for income tax-related contingencies as no reliable estimate can be made or it is not probable the tax uncertainty will result in a future economic outflow. Income tax related contingent liabilities are assessed continually and as a reliable estimate can be made, or if they become probable, a provision is recognized in the financial statements of the period in which the change in estimate or probability occurs. Where the final outcome of such matters differs from the amount recorded, any differences may impact income taxes in the period in which the final determination is made.

21. Capital Management

The Company is capitalized via investment from its parent company, JLR Limited. The Company purchases the majority of products it sells from JLR Limited and related companies. The cash flow from the sale of vehicles and parts is sufficient to pay JLR Limited and all other suppliers. Any remaining cash after paying all suppliers, vendors and operating expenses is remitted back to JLR Limited. As such, no additional financing is required. At both 31 March 2018 and 2017, the Company maintained capital of $157.3 million.

There were no dividends paid during any of the years presented.

22. Disclosures on 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 recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as of 31 March 2018 and 2017, respectively.

	As at 31 March			
	2018		2017	
	Total Carrying Value	Total Fair Value	Total Carrying Value	Total Fair Value
Financial Assets				
Cash and cash equivalents	$ 60,013,558	$ 60,013,558	$ 6,379,318	$ 6,379,318
Trade receivables	30,075,509	30,075,509	125,538,258	125,538,258
Finance receivables	546,968,304	546,968,304	375,621,406	375,621,406
Other financial assets	2,317,395	2,317,395	2,655,709	2,655,709
Total	$ 639,374,766	$ 639,374,766	$ 510,194,691	$ 510,194,691

	2018 Total Carrying Value	2018 Total Fair Value	2017 Total Carrying Value	2017 Total Fair Value
Financial Liabilities				
Accounts payable	$ (257,740,543)	$ (257,740,543)	$ (679,768,359)	$ (679,768,359)
Financial liabilities	(405,466)	(405,466)	(390,160)	(390,160)
Other financial liabilities	(1,724,907)	(1,724,907)	(2,035,985)	(2,035,985)
Total	$ (259,870,916)	$ (259,870,916)	$ (682,194,504)	$ (682,194,504)

The Company does not have any derivative financial instruments.

The short term financial assets and liabilities are stated at amortized cost which is approximately equal to their fair value.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in a sales transaction as of the respective dates. The estimated fair value amounts as of 31 March 2018 and 2017 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each year-end.

b) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in interest rates, credit risk and liquidity risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which covers risks associated with the financial assets and liabilities like interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment – by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings – by determining the financial value of the expected earnings in advance.

i) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

a. Foreign currency exchange rate risk

The Company does not have any material exchange risk due to limited transactions in currencies other than US dollars, nor does it have any material balances at the period end which are denominated in any currency other than USD.

b. Interest rate risk

The Company's interest rate risk is limited to any short term borrowings, which are at market rates.

ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness, as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables and finance receivables. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was $639.4 million and $510.2 million as of 31 March 2018 and 2017, respectively, being the total of the carrying amount of Cash and cash equivalents, Trade receivables, Finance receivables and Other financial assets.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired, there were no indications as of 31 March 2018, that any defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables and finance receivables as of the balance sheet date is given below. The age analysis has been considered from the due date.

	31 March 2018			31 March 2017		
	Gross	**Allowance**	**Total**	**Gross**	**Allowance**	**Total**
Trade Receivables						
Period						
Not due	$ 25,761,843	$ -	$ 25,761,843	$ 119,303,611	$ -	$ 119,303,611
Overdue 1-3 months	1,183,442	-	1,183,442	3,336,766	-	3,336,766
Overdue 3-6 months	147,624	-	147,624	-	-	-
Overdue more than 6 months	2,982,600 *	-	2,982,600	2,897,881 *	-	2,897,881
Total	$ 30,075,509	$ -	$ 30,075,509	$ 125,538,258	-	$ 125,538,258

* 97% of balance represents receivable from Jaguar Land Rover China that will remain unsettled due to regulatory constraints.

	31 March 2018			31 March 2017		
	Gross	**Allowance**	**Total**	**Gross**	**Allowance**	**Total**
Finance Receivables						
Period						
Not due	$546,968,304	$ -	$ 546,968,304	$ 375,621,406	$ -	$ 375,621,406
Overdue 1-3 months	-	-	-	-	-	-
Overdue 3-6 months	-	-	-	-	-	-
Overdue more than 6 months	-	-	-	-	-	-
Total	$546,968,304	$ -	$ 546,968,304	$ 375,621,406	$ -	$ 375,621,406

iii) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that it is available for use as per requirements.

The Company is primarily funded through the sale of vehicles and parts at a profit. Generally, funds generated through that means are sufficient to cover all obligations. Any excess cash is remitted back to the parent company, Jaguar Land Rover Limited.

The table below provides details regarding the contractual maturities of financial liabilities as of 31 March 2018:

	Carrying amount	Due in 1st year	Due in 2nd year	Due in 3rd - 5th year	Due after 5 years	Non-cash amount
Accounts payable	$ (257,740,543)	$ (257,740,543)	$ -	$ -	$ -	$ -
Financial liabilities	(405,466)					(405,466)
Other financial liabilities	(1,724,907)					(1,724,907)
Total	$ (259,870,916)	$ (257,740,543)	$ -	$ -	$ -	$ (2,130,373)

iv) Derivative financial instruments and risk management

The Company does not have any derivative financial instruments.

23. Collaterals

On 28 January 2013, the Company's intermediary parent, Jaguar Land Rover Automotive PLC, issued $500 million Senior Notes due 2023 at a coupon of 5.625% per annum. These notes were guaranteed on a senior unsecured basis by JLRNA, Jaguar Land Rover Holdings Limited, Jaguar Land Rover Limited, Land Rover Exports Limited and JLR Nominee Company Limited.

24. Segment reporting

The Company operates in one segment: the sale of Jaguar Land Rover vehicles, parts and accessories and one geographic segment, the USA.

25. Related party transactions

The Company's related parties principally consist of subsidiaries of Tata Motors Ltd (subsidiaries of Jaguar Cars Ltd) and other Tata related companies. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The Company purchases the majority of its inventory from subsidiaries of the ultimate UK parent company, primarily Jaguar Land Rover Limited. As a result, the Company will incur payables to those entities. Additionally, the Company has entered into a transfer price arrangement with Jaguar Land Rover Limited whereby profitability is fixed as a percentage of revenue. As a result of this arrangement, the Company will transfer profits or losses to this entity to arrive at the appropriate profit target by adjusting cost of sales and offsetting payables to affiliated companies. At 31 March 2018 and 2017, the Company had approximately $92.0 million and $554.1 million, respectively, recorded as Accounts payable owed to JLR Limited.

Note 26 – Related party transactions (continued)

As part of the Company's arrangement as a national sales company for JLR Limited, all excess cash after local expenditure requirements is remitted to a central treasury function in the UK on a daily basis. Similarly, if cash collected is not sufficient to cover local expenditures, the Company will receive funding from the central treasury function in the UK. Upon cash transfer between the Company and the central treasury function, an intercompany note receivable is recorded with the parent company. At 31 March 2018 and 2017, the Company had approximately $547.0 million and $375.6 million, respectively, recorded as a note receivable from the parent company.

Additionally, in the normal course of business, the Company transacts with other subsidiaries of JLR Limited. At 31 March 2018 and 2017, the Company had trade receivables with Jaguar Land Rover China in the amount of $2.9 million and $2.9 million, respectively. At 31 March 2018 and 2017, the Company had trade receivables with Jaguar Land Rover Canada in the amount of $0.4 million and $0.2 million, respectively. At 31 March 2018 and 2017, the Company had trade receivables with JLR Limited in the amount of $0.9 million and $81.5 million, respectively.

The Company also provides various services to Jaguar Land Rover Canada including, but not limited to legal, accounting, information technology, purchasing, tax services and training. These services are charged to Jaguar Land Rover Canada under a service level agreement. During the 12 months ended 31 March 2018 and 2017 the Company charged $2.7 million and $3.1 million, respectively, to Jaguar Land Rover Canada and received these funds in cash.

Additionally, the Company engages various related entities whereby these entities provide outsourced information technology support, technology development, and marketing purchasing to the Company. During the 12 months ended 31 March 2018 and 2017, the Company recognized expense of $43.0 million and $36.1 million, respectively, related to services received during that period. The Company made cash payments to these entities during the 12 months ended 31 March 2018 and 2017 of $40.9 million and $36.2 million, respectively. Additionally, the Company had an outstanding accounts payable balances to these entities of $2.4 million and $0.3 million at 31 March 2018 and 2017, respectively.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Cumulative compensation of those individuals identified as key management personnel was as follows:

	Year ended 31 March	
	2018	2017
Salaries	$ 1,510,283	$ 1,786,691
Incentive compensation	838,992	1,366,342
Other	468,906	356,912
Total key employee compensation	$ 2,818,181	$ 3,509,945

The Company did not have any other transactions with key management personnel.

Refer Note 19 for information on transactions with post-employment benefit plans.

26. Subsequent events

There were no events occurring after the balance sheet date that would have a material impact on the Company's results of operations, financial position or cash flows.

27. Approval of financial statements

28. The financial statements were approved by the board of directors and authorized for issue on May 2018.