

# **JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD**

**(Registration Number 2001/027269/07)**

**Audited Annual Financial Statements  
for the year ended 31 March 2018**

**Preparation supervised by Liaan Kretzschmar (Finance Director)**

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

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2018

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# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2018

## GENERAL INFORMATION

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

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2018

## **Directors' Responsibilities and Approval**

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

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

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


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

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

The annual financial statements as set out on pages 9 to 42 were approved by the board on 1 August 2018 and were signed on their behalf by:



Lisan Etienne Kretzschmar



Martin Charles Howie

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2018

## Directors' Report

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The directors present their report for the year ended 31 March 2018.

### 1. Review of activities

#### Main business and operations

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

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

### 2. Going concern

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

### 3. Events after reporting date

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

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

### 4. Directors' interest in contracts

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

### 5. Authorised and issued share capital

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

### 6. Borrowing limitations

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

### 7. Dividends

Dividends of R 339mil were paid to the shareholder during the year (2017 - R 0).

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Annual Financial Statements for the year ended 31 March 2018

## Directors' Report

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### 8. Directors

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

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

### 9. Secretary

The company's designated secretary is Vacant.

### 10. Shareholder

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

	%
Jaguar Land Rover (South Africa) Holdings Limited	100

### 11. Independent Auditors

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



**KPMG Inc**  
KPMG Hillside  
Corner of The Hillside and  
Klarinet Street, Lynnwood, 0081  
P O Box 11265, Hatfield, 0028, South Africa

Telephone +27 (0)12 431 1300  
Fax +27 (0)12 431 1301  
Docex 109 Pretoria

## Independent Auditor's Report

To the Shareholder of Jaguar Land Rover South Africa Proprietary Limited

### *Opinion*

We have audited the financial statements of Jaguar Land Rover South Africa Proprietary Limited (the company) set out on pages 9 to 42, which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Jaguar Land Rover South Africa Proprietary Limited as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### *Basis for Opinion*

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

### *Other Information*

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

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

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

Registration number 1999/021543/21

Policy Board:  
Chief Executive: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba,  
M Oddy, CAT Smit

Other Directors: ZA Beseti, LP Fourie, N Fubu,  
AH Jaffer (Chairman of the Board), FA Karreem,  
ME Magondo, F Mall, GM Pickering,  
JN Pierce

The company's principal place of business is at KPMG Crescent,  
85 Empire Road, Parktown, where a list of the directors' names is  
available for inspection.

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

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

*Responsibilities of the Directors for the Financial Statements*

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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We also:

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

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

KPMG Inc.



Per Willem Pretorius  
Chartered Accountant (SA)  
Registered Auditor  
Director  
1 August 2018

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements as at 31 March 2018

## Statement of Financial Position

Figures in R `000	Note(s)	2018	2017
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	20,536	15,819
Deferred taxation assets	13	172,750	197,683
		<b>193,286</b>	<b>213,502</b>
<b>Current Assets</b>			
Inventories	6	1,209,617	1,076,993
Current taxation asset	23	18,322	-
Related party receivable	16	54,532	50,710
Trade and other receivables	7	202,599	203,842
Cash and cash equivalents	8	303,064	819,880
		<b>1,788,134</b>	<b>2,151,425</b>
<b>Total Assets</b>		<b>1,981,420</b>	<b>2,364,927</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Issued capital	9	1	1
Retained earnings		385,721	555,082
		<b>385,722</b>	<b>555,083</b>
<b>Non-Current Liabilities</b>			
Provisions	14	256,616	261,166
Long-term employee benefit obligations	11	1,901	1,901
Deferred revenue	12	361,803	374,526
		<b>620,320</b>	<b>637,593</b>
<b>Current Liabilities</b>			
Provisions	14	163,768	161,430
Trade and other payables	15	403,928	386,159
Current taxation liability	23	-	11,487
Related party payables	16	210,892	397,482
Deferred Revenue	12	196,790	215,693
		<b>975,378</b>	<b>1,172,251</b>
<b>Total Liabilities</b>		<b>1,595,698</b>	<b>1,809,844</b>
<b>Total Equity and Liabilities</b>		<b>1,981,420</b>	<b>2,364,927</b>

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Financial Statements for the year ended 31 March 2018

## Statement of Comprehensive Income for the year

Figures in R `000	Note(s)	2018	2017
<b>Revenue</b>	18	5,343,483	4,548,295
Cost of sales		(4,788,327)	(3,951,439)
Gross profit		555,156	596,856
Other gains	19	502	2,668
Marketing expenses		(219,958)	(184,142)
Administration expenses		(145,581)	(143,992)
<b>Operating profit</b>	20	<b>190,119</b>	<b>271,390</b>
Investment revenue	21	44,010	32,850
Finance costs	22	(448)	(1,591)
<b>Profit before taxation</b>		<b>233,681</b>	<b>302,649</b>
Taxation expense	23	(64,032)	(86,578)
<b>Profit for the year</b>		<b>169,649</b>	<b>216,071</b>

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

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Financial Statements for the year ended 31 March 2018

## Statement of Changes in Equity

Figures in R `000	Share capital	Retained earnings	Total
<b>Balance at 1 April 2016</b>	1	339,011	339,012
<b>Total comprehensive income for the year</b>			
Profit for the year		216,071	216,071
<b>Total comprehensive income for the year</b>	-	216,071	216,071
<b>Balance at 31 March 2017</b>	<b>1</b>	<b>555,082</b>	<b>555,083</b>
<b>Balance at 1 April 2017</b>	1	555,082	555,083
<b>Total comprehensive income for the year</b>			
Profit for the year		169,649	169,649
<b>Total comprehensive income for the year</b>	-	169,649	169,649
Dividends paid		(339,010)	(339,010)
<b>Balance at 31 March 2018</b>	<b>1</b>	<b>385,721</b>	<b>385,722</b>

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# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

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Financial Statements for the year ended 31 March 2018

## Statement of Cash Flows

Figures in R `000	Note(s)	2018	2017
<b>Cash flows from operating activities</b>			
Profit for the year		169,649	216,071
<i>Adjustments for:</i>			
Finance costs	22.	448	1,591
Income tax expense recognised in profit and loss	23.	64,032	86,578
Depreciation of Tangible assets		3,013	2,810
Investment income		(44,010)	(32,850)
<b>Operating cash flow before working capital changes</b>		<b>193,132</b>	<b>274,200</b>
<i>Working capital changes</i>			
Decrease in provisions		(2,212)	(50,378)
Decrease in deferred revenue		(31,626)	(57,652)
(Increase)/decrease in inventories		(132,624)	141,771
Decrease in trade and other receivables		1,243	67,429
Decrease in related party balances		(190,412)	(59,206)
(Decrease)/increase in trade and other payables		17,769	(95,357)
<b>Cash (utilised in)/generated by operating activities</b>		<b>(144,730)</b>	<b>220,807</b>
Interest on warranty provision (non-cash item)		-	(744)
Interest paid	22.	(448)	(847)
Income tax paid		(68,908)	(72,830)
<b>Net cash from operating activities</b>		<b>(214,086)</b>	<b>146,386</b>
<b>Cash flows from investing activities</b>			
Property, plant and equipment acquired	5.	(7,730)	(3,719)
Proceeds on disposals of property, plant and equipment		-	1
Investment income		44,010	32,850
<b>Net cash generated by investing activities</b>		<b>36,280</b>	<b>29,132</b>
<b>Cash flows from financing activities</b>			
Dividends paid	17.	(339,010)	-
<b>Net cash utilised in financing activities</b>		<b>(339,010)</b>	<b>-</b>
(Decrease)/increase in cash and cash equivalents		(516,816)	175,518
Cash and cash equivalents at beginning of the year		819,880	644,362
<b>Cash and cash equivalents at end of the year</b>	8	<b>303,064</b>	<b>819,880</b>

# JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

(Registration Number 2001/027269/07)

Notes for the year ended 31 March 2018

## Accounting Policies

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### 1. General information

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS), which includes all applicable IFRSs, International Accounting Standards (IASs) and Interpretations issued by the IFRS Interpretations Committee. A summary of significant accounting policies is set out in note 3.

### 2. Basis of preparation

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

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. Fair value measurement and/or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS2: Inventory.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only effects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3. Summary of significant accounting policies

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

#### Changes in accounting policies and disclosures

## JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

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Notes for the year ended 31 March 2018

### Accounting Policies

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#### Adoption of new and revised pronouncements

In the current year, the company has adopted all new and revised IFRSs as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2017. The adoption of these new and revised IFRSs has not resulted in changes to the company's accounting policies at the beginning of or after 01 April 2016.

At the date of authorisation of these financial statements for the year ended 31 March 2018, the following IFRSs were adopted:

IFRS / IFRIC	Title and details	Effective
IAS 7	Amendments as result of the Disclosure initiative	Annual periods beginning on or after 1 January 2017
IAS 12	Amendments regarding the recognition of deferred tax assets for unrealised losses	Annual periods beginning on or after 1 January 2017
IFRS 12	Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12	Annual periods commencing on or after 1 January 2017

#### New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the financial year beginning 1 April 2017 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The Board anticipates that the new standards, amendments and interpretations will be adopted in the company's financial statements when they become effective. The company has assessed where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

IFRS / IFRIC	Title and details	Effective
IFRS 1	Amendments resulting from 2014-2016 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2018
IFRS 2	Classification and Measurement of Share-based Payment Transactions	Annual periods beginning on or after 1 January 2018
IFRS 9	Financial Instruments: Reissue of a complete standard with all the chapters incorporated	Annual periods beginning on or after 1 January 2018
IFRS 15:	Revenue from contracts with customers— Clarifications to IFRS 15	Annual periods beginning on or after 1 January 2018
IFRS 16	Leases-Original issue	Annual periods beginning on or after 1 January 2019
IAS 28	Amendments resulting from 2014-2016 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2018
IAS 40	Amendments clarifies the requirements on transfers to, or from, investment property	Annual periods beginning on or after 1 January 2018
IFRIC 22	Original issue	Annual periods beginning on or after 1 January 2018

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Notes for the year ended 31 March 2018

### Accounting Policies

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The directors have not yet quantified the impact of the adoption of these standards and interpretations. However, the directors do not believe that these statements will have a material impact on the financial statements.

#### 3.1 Critical accounting judgements and key sources of uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only effects that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes. Refer to note 4.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes.

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

#### 3.2 Property, Plant and Equipment

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

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

Depreciation is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the property,

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## JAGUAR LAND ROVER SOUTH AFRICA (PTY) LTD

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Notes for the year ended 31 March 2018

### Accounting Policies

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

Computer equipment	10 years
Office furniture and fixtures	3 - 12.5 years
Office machines	12.5 years
Computer software	3 years
Marketing equipment	5 years

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

### 3.3 Leases

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

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

#### Leases of land and building

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

#### Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

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

### 3.4 Inventories

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

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

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

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#### 3.5 Financial instruments

##### Financial assets

##### Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables', 'related party receivables' and 'cash and cash equivalents' in the statement of financial position.

##### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

##### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### Impairment of financial assets

##### Assets carried at amortised cost

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

#### Assets classified as available for sale

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The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the company uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

#### Trade and other receivables and related party receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each reporting date, the company assesses whether there is any objective evidence that a receivable or company of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

#### 3.5.2 Cash and cash equivalents

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

Cash and cash equivalents are initially measured at fair value and, after initial recognition, at amortised cost.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in reserves. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

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Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in the cumulative impairment losses attributable to the application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of the impaired available-for-sale equity security is recognised in other comprehensive income.

#### Impairment of financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, an that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would consider otherwise, indications that a debtor or issuer will enter into bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for security.

The company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by companying together assets with similar risk characteristics.

In assessing collective impairment, the company uses historical trends if the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. Deficits are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfer 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 reward 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

##### Trade and other payables

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### Accounting Policies

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

#### Share capital

##### Ordinary shares

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

### 3.6 Post-employment benefits and short-term employee benefits

#### Post-employment benefit plans

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

#### Defined contribution plans

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

#### Short-term employee benefits

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

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

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

#### Bonus plans

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

#### Income taxation

##### Current taxation

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

Current taxation liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the balance sheet date. Current taxation is the amount of income tax payable or recoverable in respect of the taxable profit or loss for a period.

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#### Deferred taxation

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

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

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

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

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

#### 3.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided and goods delivered, net of discounts and Value Added Taxation (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

##### Sales of goods

Revenue from the sales of motor vehicles, parts and accessories is recognised when all the following conditions have been satisfied:

- The company has released the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods;
- The amount of revenue can be measured reliably;
- Receipt of the future economic benefits is probable;
- Costs relating to the transaction can be measured reliably.

Revenue comprises net invoiced sales to customers excluding VAT and other non-operating income.

##### Rendering of Services

Revenue arising from Care Plan sales is accounted for when services are rendered.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the reference to the stage of completion of the transaction at the Statement of Financial Position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The stage of completion of the transaction at the reporting date can be measured reliably;
- The costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

#### 3.8 Interest income

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

#### 3.9 Foreign currency translation

##### Functional and presentation currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Rand (R), which is the company's presentation currency.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other (losses)/gains – net'.

#### 3.10 Provisions

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

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

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

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

#### 3.11 Warranty

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

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

#### 4. Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### 4.1 Key sources of estimation uncertainty

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

##### 4.1.3 Provision for stock obsolescence

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of the net realisable value also take into consideration the purpose for which the inventory is held.

##### 4.1.5 Deferred revenue

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

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

#### 4.1.7 Warranty Provisions

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

#### 4.1.8 Provision for Doubtful Debts

Management consider the impact of specific receivables which are know to be facing serious financial problems as well as past data which might indicate that a certain portion of the balance may not be receivable due to unforeseen circumstances when determining their provision for doubtful debts (refer to Note 7).

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## Notes to the Annual Financial Statements

Figures in R `000

2018

2017

### 5. Property, plant and equipment

	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
<i>Owned assets</i>						
Furniture and fittings	13,519	6,025	<b>7,494</b>	10,084	4,236	5,848
Corporate Identity	7,991	5,846	<b>2,145</b>	7,991	5,740	2,251
Equipment	11,953	2,135	<b>9,818</b>	7,787	1,148	6,639
IT equipment	2,993	1,914	<b>1,079</b>	2,863	1,782	1,081
Computer software	1,041	1,041	-	1,041	1,041	-
	<b>37,497</b>	<b>16,961</b>	<b>20,536</b>	<b>29,766</b>	<b>13,947</b>	<b>15,819</b>

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

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

	2017 Carrying value at beginning of year	Additions	Disposals	Depreciation	2017 Carrying value at end of year
<i>Owned assets</i>					
Furniture and fittings	6,603	922	-	(1,677)	5,848
Corporate Identity	2,716	-	(1)	(464)	2,251
Equipment	4,455	2,682	-	(498)	6,639
IT equipment	1,137	115	-	(171)	1,081
Computer software	-	-	-	-	-
	<b>14,911</b>	<b>3,719</b>	<b>(1)</b>	<b>(2,810)</b>	<b>15,819</b>

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Figures in R `000	2018	2017
<b>6. Inventories</b>		
Inventories comprise:		
Finished goods - Vehicles	851,699	711,103
Finished goods - Parts and accessories	151,544	155,291
Goods in transit - Vehicles	188,006	188,856
Goods in transit - Parts and accessories	38,244	38,454
	<u>1,229,493</u>	<u>1,093,704</u>
Provision for impairment of vehicles, parts and accessories	(19,876)	(16,711)
	<u>1,209,617</u>	<u>1,076,993</u>

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

The cost of inventories recognised as an expense, includes an amount of R5.7 million in respect of reversals of write-downs of slow moving products to net realisable value.

## 7. Trade and other receivables

Trade debtors	184,502	189,206
Sundry debtors	19,315	11,907
Export rebate receivable	4,289	8,371
Value Added Tax	-	10
	<u>208,106</u>	<u>209,494</u>
Allowance for doubtful debts	(5,507)	(5,652)
	<u>202,599</u>	<u>203,842</u>

The average credit period is less than 60 days with no interest charged on late payment. The amounts presented above include amounts that are past due at the end of the reporting period for which the company has recognised a partial allowance for doubtful debts. There has not been significant change in the credit quality of the receivables and the carrying amounts are considered to still be recoverable.

The carrying amount of trade and other receivables approximates their fair value.

In determining the recoverability of a trade receivable, the company considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

All amounts are short term. The carrying amount of the trade and other receivables is considered by management to approximate their fair values.

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Figures in R '000	2018	2017
The following are the major debtors included in the trade receivables at year end:		
Wesbank, a division of FirstRand Limited	5,913	60,599
Barloworld	13,471	35,502
Parts and accessory trade accounts	118,727	108,146
Land Rover Gabarone	22,928	4,618
	<u>161,039</u>	<u>208,865</u>

There is no other individual customer that represents more than 5% of the outstanding trade receivables balance at the year end

### Ageing of debtors past due but not impaired

31 - 60 days	45,219	119
61 - 90 days	1,462	2,108
> 90 days	14,900	12,267
Total	<u>61,581</u>	<u>14,494</u>

### Movement in allowance for doubtful debts

Balance at the beginning of the year	(5,653)	(4,629)
Allowances made during the year	146	(1,024)
Balance at the end of the year	<u>(5,507)</u>	<u>(5,653)</u>

## 8. Cash and cash equivalents

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

### Favourable cash balances

Cash and bank balances	<u>303,064</u>	<u>819,880</u>
Guarantees exist as follows:		
- Performance Guarantee - given	6,755	8,155
- Open Trading Facility	1,400	2,200
- Fleet Management Facility	550	350
- Credit Card Facility	2,000	2,000
- Vehicle and Asset Finance Facility	-	745
	<u>10,705</u>	<u>18,770</u>

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

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### 9. Share capital

#### Authorised

1,000 Ordinary shares of R1 each	1	1
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#### Issued

2 Ordinary shares of R1 each	1	1
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Any modification to the Company's share capital requires the prior approval of the Shareholders by means of a Special Resolution. No changes were approved or made to the authorised or issued share capital of the company during the year under review.

### 10. Commitments under operating leases

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

Minimum lease payments under operating leases recognised as an expense during the year	4,932	5,500
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At year-end, the company has outstanding commitments under non-cancellable operating leases that fall due as follows:

Within one year	-	4,387
Later than one year but within five years	-	-
Later than five years	-	-
	<u>-</u>	<u>4,387</u>

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### 11. Long-term employee benefit obligations

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

Non-current:

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

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

The most recent valuation of plan assets and the present value of the defined benefit obligation were carried out at 31 March 2015 by NMG Consultants and Actuaries. The Present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

Opening defined benefit obligation	1,901	1,941
Benefits paid	-	(40)
Defined benefit obligation at the end of the period	<u>1,901</u>	<u>1,901</u>

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

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

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

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### 12. Deferred revenue

<b>Total Deferred revenue</b>	<b>(558,593)</b>	<b>(590,219)</b>
Current	(196,790)	(215,693)
Non-current	(361,803)	(374,526)
	<b>(558,593)</b>	<b>(590,219)</b>

#### Deferred revenue movement:

Balance at 1 April	(590,219)	(647,871)
Revenue deferred during the period	(182,848)	(151,019)
Revenue released during the period	214,474	208,671
Balance at 31 March	<b>(558,593)</b>	<b>(590,219)</b>

Deferred revenue arises from the advance receipt of service revenue related to Care Plan sales. This revenue is deferred at point of receipt and then recognised as revenue over the life of the service period, with reference to the pattern of the related expenditure incurred. (refer to note 18).

### 13. Deferred taxation

Balance at beginning of year	197,683	203,251
<i>Movements consisting of:</i>		
Temporary differences	(24,933)	(5,568)
Balance at end of year	<b>172,750</b>	<b>197,683</b>

The deferred taxation asset arises from the following temporary differences:

Property, plant and equipment	449	45
Provisions	157,463	170,131
Deferred revenue	155,889	164,999
Allowance for future expenditure	(140,714)	(137,405)
Other	(337)	(87)
	<b>172,750</b>	<b>197,683</b>

Deferred tax asset	<b>172,750</b>	<b>197,683</b>
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A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. At each balance sheet date, the company reviews and assesses the recognised and unrecognised deferred taxation assets as well as the projections of future taxable profit to determine whether any recognised deferred taxation assets should be derecognised and any unrecognised deferred taxation assets should be recognised.



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<b>14. Provisions</b>		
<b>Total Provisions</b>	<b>(420,384)</b>	<b>(422,596)</b>
Current	(163,768)	(161,430)
Non-current	(256,616)	(261,166)
	<b>(420,384)</b>	<b>(422,596)</b>

### Analysis of total provisions

	Legal fees	Warranties	Other provisions	Total
	R'000	R'000	R'000	R'000
Balance at 1 April 2016	391	472,627	(44)	472,974
Additional provisions recognised	539	163,998	44	164,581
Reductions arising from payments	44	(215,745)	-	(215,701)
Interest expenses	-	742	-	742
Balance at 31 March 2017	974	421,622	-	422,596
Balance at 1 April 2017	974	421,622	-	422,596
Additional provisions recognised	2,708	243,458	-	246,166
Reductions arising from payments	(1,142)	(247,236)	-	(248,378)
Interest expenses	-	-	-	-
Balance at 31 March 2018	2,540	417,844	-	420,384

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

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

- 2019 - 6.83%
- 2020 - 6.79%
- 2021 - 6.89%
- 2022 - 7.01%
- 2023 - 7.13%

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

Other provisions represent estimated costs to be realised encouraging the sale of vehicles, parts and accessories.

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<b>15. Trade and other payables</b>		
Accrued liabilities	354,638	355,391
Sundry creditors	2,330	3,716
Trade creditors	36,580	7,612
Value Added Tax	10,380	19,440
	<u>403,928</u>	<u>386,159</u>

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

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

All amounts are short term. The carrying amount of the trade and other receivables is considered by management to approximate their fair values.

## 16. Related party (payables) / receivables

Amounts owing to Jaguar Land Rover Limited - Ultimate Holding Company	(206,808)	(397,482)
Amounts owing from Jaguar Land Rover (South Africa) Holdings Limited - Holding Company	54,532	50,710
Amounts owing to Spark44 (Pty) Ltd - Fellow Subsidiary	(4,084)	-
	<u>(156,360)</u>	<u>(346,772)</u>
Current assets	54,532	50,710
Current liabilities	<u>(210,892)</u>	<u>(397,482)</u>
	<u>(156,360)</u>	<u>(346,772)</u>

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

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

## 17. Dividend

### *Dividends attributable to the current year*

Interim dividend declared and paid :	(339,010)	-
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### 18. Revenue

An analysis of revenue is as follows:

Vehicle sales	4,336,948	3,585,693
Care Plan sales	215,383	208,671
Vehicle parts and accessory sales	791,152	753,931
	<u>5,343,483</u>	<u>4,548,295</u>

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

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

The fair value of the revenue deferred is recognised as deferred revenue on the statement of financial position (refer to note 12) and is recognised as revenue by reference to the pattern of the related expenditure incurred over the life of the service period which is a five year period at present.

### 19. Other gains

Other non-turnover items	373	2,726
Profit / (loss) of foreign exchange	129	(58)
	<u>502</u>	<u>2,668</u>

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<b>20. Operating profit</b>		
Operating profit is arrived at after taking into account the following items:		
<i>Income</i>		
Exchange rate profits on foreign exchange	129	-
<i>Expenditure</i>		
Exchange rate losses on foreign exchange	-	58
<i>Depreciation</i>		
<i>Owned assets</i>		
Furniture and fittings	(1,788)	(1,677)
Corporate Identity	(106)	(464)
Equipment	(987)	(498)
IT equipment	(132)	(171)
	<u>(3,013)</u>	<u>(2,810)</u>
Auditors' remuneration		
Audit fees		
- Current	198	1,726
<i>Operating lease charges</i>		
Premises	4,932	5,500
Equipment	-	356
	<u>4,932</u>	<u>5,856</u>
<b>21. Investment income</b>		
<i>Interest income</i>		
Bank deposits	40,606	30,672
Staff loans	3,404	2,178
	<u>44,010</u>	<u>32,850</u>
<b>22. Finance costs</b>		
Other interest expenses	448	847
Warranty provision	-	744
	<u>448</u>	<u>1,591</u>

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<b>23. Income taxation expense</b>		
Current taxation	46,103	54,327
Underprovision/(overprovision) in prior year	(7,004)	26,682
Deferred taxation		
Current year temporary differences	18,995	38,044
Underprovision/overprovision) in prior year	5,938	(32,475)
Income taxation for the year	<u>64,032</u>	<u>86,578</u>
Income taxation expense can be reconciled to accounting profit as follows:		
Profit before tax	<u>233,681</u>	<u>302,649</u>
South African normal taxation rate @ 28%	<u>65,431</u>	<u>84,742</u>
Adjusted for:		
Permanent differences	(333)	1,836
Prior year adjustments	(1,066)	-
Net reduction	<u>(1,399)</u>	<u>1,836</u>
Income tax expense / (income) recognised in profit or loss	<u>64,032</u>	<u>86,578</u>
<b>South African Receiver of Revenue</b>		
Opening balance	(11,487)	(3,307)
Current tax expense	(46,103)	(54,327)
(Underprovision)/Overprovision prior year	7,004	(26,682)
Prior year payments made	4,483	-
Provisional payments made	64,425	72,830
Interest accrued	-	(1)
South African Receiver of Revenue (Payable)/Receivable	<u>18,322</u>	<u>(11,487)</u>
<b>Current taxation balances are presented on the face of the statement of financial position as follows:</b>		
Current taxation asset	18,322	-
Current taxation liability	-	(11,487)
South African Receiver of Revenue Net Payment Due	<u>18,322</u>	<u>(11,487)</u>

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### 24. Directors' emoluments

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

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

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

Name	Fees paid to director for services	Salary	Bonuses and performance related payments	Expense allowance	Medical aid contributions	Provident fund contributions	Other/ Housing Allowance
B Hastie	-	1,074	302	90	48	161	-
N Clarke	-	964	270	93	53	145	-
L Kretzschmar	-	893	532	69	49	134	-
L Mallett	-	804	278	79	34	137	-
R Beattie	-	525	357	63	24	79	-
R v Rensburg	-	740	279	109	42	111	-
R Gouverneur	-	6,425	-	-	-	-	-
	-	11,425	2,018	503	250	767	-

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### 25. Loans and guarantees to officers

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

#### *Loans to officers*

Name of officer	Balance at 31 March 2018	Balance at 31 March 2017
B Hastie	2,151	1,130
N Clarke	2,168	851
M Howie	1,571	-
S Malan	1,947	1,122
L Kretzschmar	1,618	1,016
R Gouverneur	1,988	2,219
L Mallet	1,924	407

The loans to officers are secured, interest bearing at the official rate of interest. Interest to the value of R 767,000 (2017: R 544,000) was charged during the year. The interest charged approximates the amount that would be charged under an arms length transaction.

### 26. Related party transactions

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

Name	Relationship	Transactions	2018	2017
Jaguar Land Rover Limited	Ultimate Holding company	Purchase of goods	2,989,286	2,329,950
Jaguar Land Rover Limited	Ultimate Holding company	Trade Mark Fees	331,640	304,294
Jaguar Land Rover Limited	Ultimate Holding company	Other	1,253	-

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

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### 27. Financial instruments

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

	Fair value through profit & loss (held for trading)	Held-to- maturity investments	Loans and receivables	Available-for- sale financial assets	Total
<b>2018</b>					
Intra-group loans (note 16)	-	-	54,532	-	54,532
Trade and other receivables (note 7)	-	-	202,599	-	202,599
Cash and cash equivalents (note 8)	-	-	303,064	-	303,064
<b>2017</b>					
Intra-group loans (note 16)	-	-	50,710	-	50,710
Trade and other receivables (note 7)	-	-	203,842	-	203,842
Cash and cash equivalents (note 8)	-	-	819,880	-	819,880

The company has classified its financial liabilities in the following categories

	Non- financial instruments	Financial liabilities amortised cost	Total
<b>2018</b>			
Trade and other payables (note 15)	-	403,928	403,928
Intra-group loans (note 16)	-	210,892	210,892
<b>2017</b>			
Trade and other payables (note 15)	-	386,159	386,159
Intra-group loans (note 16)	-	397,482	397,482

Financial instruments are carried at amounts not materially different from their fair values as at 31 March 2018 and 31 March 2017.

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



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### 27.1 Credit risk

The company's exposed to credit risk on financial assets, mainly attributable to trade and other receivables. It sets credit limits on each individual customer and prior approval is required for any transaction exceeding that limit. In the setting of credit limits, the company takes into account various factors including, but not limited to the company's aggregate exposure to the customer, historical payment history, credit score etc. Customers based outside of the Republic of South Africa are required to transact with the company by means of a letter of credit or the provision of an approved bank guarantee in order to minimise the company's credit risk exposure.

#### Summary quantitative data

Trade and other receivables (note 7)	177,718	178,000
Deposits with banks (note 8)	303,064	819,880

At 31 March 2018, the company has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

An analysis of the age of financial assets that are past due as at the reporting date but not impaired is included in note 7.

### 27.2 Liquidity risk

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

#### Summary quantitative data

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
<b>2018</b>				
Trade and other payables (note 15)	403,928	-	-	-
Inter-group loans (note 16)	210,892	-	-	-
<b>2017</b>				
Trade and other payables (note 15)	386,159	-	-	-
Inter-group loans (note 16)	397,482	-	-	-

### 27.3 Fair value of financial instrument

The fair value of financial instruments equals their carrying value, either because of the short term nature and normal trade terms thereof, or the market-related interest rates attached to it.

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### 27.4 Interest rate risk

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

#### Sensitivity analysis

Should the interest rate used for the provisions vary by 1% then the following movements can be expected on the interest charges:

Provisions (note 14)	4179	2999
Cash and cash equivalents (note 8)	3031	8199

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

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

### 27.5 Currency risk

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

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

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

### 27.6 Fair value Measurements

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

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

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

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

### 28. Going Concern

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

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

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

