Annual Report and Financial Statements of

Tata Motors European Technical Centre plc

For the Year Ended 31 March 2021

Company Registration No: 05551225

Contents

Company information

Directors:

Mr G K Butschek	Non-Executive Director
Mr D G Bassett	Non-Executive Director
Mr J O'Connor	Non-Executive Director (resigned 31st July 2020)

Secretary:

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London
EC2V 7AW

Registered office:

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London
SW1X 7HS

Business address:

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Lord Bhattacharyya Way
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Auditor:

KPMG LLP
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Banker:

HSBC Bank
PO BOX 125
2nd Floor
62-76 Park Street
London
SE1 9DZ

Solicitor:

Penningtons Manches LLP
Da Vinci House
Basing View
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Strategic Report

Tata Motors European Technical Centre plc (TMETC) was established in 2005 by Indian parent company Tata Motors Limited (TML) as a wholly owned subsidiary with the purpose of strengthening TML's technical capabilities through delivery of world-class automotive engineering services. Its success has allowed it to grow organically to its current strength of around 177 automotive professionals, and it is now an intrinsic part of TML's development capacity. Its location on the campus of University of Warwick (UoW) in the UK has been a key enabler both of attracting the right calibre of staff and conducting collaborative research with academia and with other commercial organizations. TMETC has a mandate to apply a proportion of its capacity to non-Tata brand customers to maintain and strengthen the skills base it can deploy on its core work for TML.

TMETC now has a focus on developing new products through New Product Introduction (NPI) process with Design and Engineering working in alignment. In parallel to this there is an emphasis on developing new enabling technologies to enhance the portfolio of products. These include Advanced Driver Assistance Systems (ADAS) which delivers ground-breaking research in Autonomous vehicles, 5G/Connectivity and Engineering Quality.

Tata Group, including TML, is a signatory to the United Nations Global Compact and as part of the Group's corporate philosophy, individual Tata companies seek to contribute to development of the society local to their operations. TMETC fosters relationships with a network of universities for collaborative research and to contribute to students' education. TMETC's employees regularly make technical presentations at institutional and trade events, and provide inputs to the development of national policy, standards, and legislation. The reduction of transport pollutants and CO_2 emissions is at the heart of much of the Company's engineering and development effort and is exemplified by its hybridisation and light weighting projects.

The Company's financial performance for the year ended 31 March 2021 is summarised below and is compared with the previous year. The decrease in turnover is due to a large portion of the workforce being furloughed through the first wave of the pandemic. The impact of COVID-19 had led to all TMETC's tangible and intangible assets being fully impaired at March 20, with additional impairment charges being recognised in the year ending March 21. With the focus of the Company now changing, this has led to the Company being restructured giving rise to severance costs being incurred of £2.5m which has been provided for during the year.

	2020-21 £'000	**2019-20 £'000**
Revenue	18,480	26,948
Cost of Sales	(12,122)	(13,994)
Gross Profit	6,358	12,954
Gross Profit Margin	*34%*	*48%*
Other operating income	1,332	1,050
Administrative expenses *	(9,114)	(42,477)
Loss on ordinary activities before finance charges and taxation	(1,424)	(28,473)

** Includes impairment of assets of £0.5m (2020: £32.3m) and restructuring costs of £2.5m (2020: nil)*

Strategic Report (Continued)

The Company has rolled over the existing loans and leaves outstanding loans totalling £6.25M, £4.25M (TML) and £2.0M (Australia New Zealand Banking Group). An additional loan of £5.0M has been provided by TML in June 21 to support the payment of the severance costs and repayment of the £2.0M Australia New Zealand Banking Group (ANZ) loan.

No dividends have been paid or are proposed on ordinary shares by the Company during the year.

During the last financial year TMETC has developed and implemented a revised business strategy to improve the alignment and links with TML.

The Company is exposed to several areas of risk, against which it implements the following mitigating actions on an on-going basis.

- Financial risks: where the Company may be subject to foreign exchange fluctuations, TMETC enters most of its contracts with TML, other customers and suppliers in sterling which mitigates its exposure to currency fluctuations.

- Operational risks: where retention of its employees is vital to TMETC's progression and sustainability, the Company continually encourages its workforce to develop their technical and professional skills through the provision of training and degree courses. Regarding operational risks associated with its processes, and in line with its ISO 9001 accreditation, the Company updates its procedures, systems and policies on a regular basis and ensures they are being properly implemented and followed.

- Liquidity risks: where maintaining the necessary cash flows to ensure the smooth running of all business activities is paramount, including the Company's ability to repay the outstanding loans to ANZ and TML. The Company rigorously monitors its expected receipts from customers and payments to suppliers to enable it to forecast any potential working capital shortfalls and act before they arise. The Company is dependent on continuing financial support from TML to meet its liabilities as they fall due. TML has written to the Directors to confirm its continuing financial support for the year from the date of approval of these financial statements which is demonstrated by the provision of a £5M loan from TML to assist in repayment of the said ANZ loan and severance costs.

- Customer service risks: TMETC is heavily dependent on its parent for work and there always remains a risk that there may be a change in TML's supplier requirement. However, TMETC continually strives to provide the highest level of service to its customer to ensure customer satisfaction, through a regular questionnaire and feedback process. Working remotely has benefited the working model in many ways by providing more frequent and open channels of communication with the customer.

For and on behalf of the Board
Tata Motors European Technical Centre plc

Mr Guenter K Butschek
Director
Tata Motors European Technical Centre plc
18 Grosvenor Place
London SW1X 7HS
United Kingdom

Date: 9th August 2021

Directors' Report

1. Employees

During the year ended 31 March 2021, the Company's mission was to "Innovate mobility solutions with passion to enhance quality of life" through its vision to be "The preferred choice for TML (customers) in delivering Excellence, Efficiency and Value in Design and Engineering Solutions". In pursuit of this mission during the year ended 31 March 2021, TMETC continues to recruit, develop, and retain the best automotive talent. It strongly encourages continuous professional development and membership of the relevant professional institutions across all functions. In addition to fulfilling vocational training needs identified through the annual appraisal process, TMETC has a well-established policy of supporting up to 5% of its permanent workforce through degree courses by the payment of fees and providing study leave.

There continues to be a major skills shortage in this sector in the UK, and competition for experienced automotive engineers remains fierce. TMETC had furloughed over 100 members of the team at peak and taken support from the government under the Job Retention Scheme. This continues to be monitored to ensure value to customer can still be delivered.

There were 177 employees at the end of the financial year (March 2020: 189), consisting of 152 permanent and 25 contractors. The Company is an equal opportunities employer.

2. Board of directors

The Board of Directors is the apex decision making body within the Company. For the year ended 31 March 2021, Messrs Guenter Karl Butschek and Dewi Gethin Bassett are non-Executive directors in TMETC board. Non-Executive director John O'Connor resigned on 31st July 2020.

The Company's Articles do not mandate the retirement of directors by rotation. Accordingly, none of the Directors seeks re-appointment by the shareholders.

In January 2007, the Committee of the Board signed an agreement with Tata Sons Limited to adopt formally the 'Tata Code of Conduct'. This is a comprehensive document that serves as the ethical road map for Tata Group employees and companies.

3. Post balance sheet events

The Company's debt structure has changed in June 21 whereby a £5M has been provided by TML which has allowed the Company to repay the £2M ANZ loan. COVID-19 continues to have an impact on the company's operations and markets. The Directors have considered the impact of COVID-19 in preparing these financial statements, in relation to their assessment that the going concern basis of preparation should be used.

4. Directors' indemnities

Tata Motors Limited, the parent company of Tata Motors European Technical Centre plc, has made qualifying third-party indemnity provisions for the benefit of the directors of its subsidiary companies, which were made during the year and remain in force at the date of this report.

5. Auditor

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

a) So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
b) The director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

Directors' Report (continued)

6. Going Concern

Even though the Company is currently not profitable, it has significant net assets. The Company earns its revenue entirely from the sale of engineering and design services to its parent company, Tata Motors Limited, and meets its day to day working capital requirements from cash balances, together with a loan of £2m from ANZ Bank (which has been repaid in June 21) and loans of £4.25m and trading balances from companies in the group headed by Tata Motors Limited, the parent company (see note 12 and 17). The Company has prepared cashflow forecasts for the period to 30 September 2022 including a severe but plausible downside case which shows substantial reductions in revenue caused by COVID-19. As set out in note 1 to the financial statements, the going concern basis of accounting has been adopted in preparing these financial statements on the basis that the company has received a letter from Tata Motors Limited confirming its intention to provide sufficient financial support to enable the company to meet its liabilities as they fall due for at least the next twelve months from the date these financial statements are approved.

7. Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

For and on behalf of the Board
Tata Motors European Technical Centre plc

Mr Guenter K Butschek
Director
Tata Motors European Technical Centre plc
18 Grosvenor Place
London SW1X 7HS
United Kingdom

Date: 9th August 2021

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so, and

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Tata Motors European Technical Centre plc

Opinion

We have audited the financial statements of Tata Motors European Technical Centre plc ("the company") for the year ended 31 March 2021 which comprise the statement of financial position, statement of comprehensive income and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets.

Independent Auditor's Report to the Members of Tata Motors European Technical Centre plc (continued)

- We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular the risk that is recorded in the wrong period and the risk that the management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Cut off testing to address risk of recording revenue in the wrong period.
- Recognized revenue reconciled to the cash received and debtor confirmation if uncollected.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Health and safety, anti-bribery and employment law, recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Members of Tata Motors European Technical Centre plc (continued)

Strategic report and directors' report
The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of Tata Motors European Technical Centre plc (continued)

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Leech (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

9 August 2021

Statement of Comprehensive Income
For the year ended 31 March 2021

	Notes	31 March 2021		31 March 2020	
		£		£	
Revenue	2		18,479,642		26,948,422
Cost of sales			(12,121,967)		(13,993,982)
Gross Profit			**6,357,675**		**12,954,440**
Other operating income			1,332,366		1,049,965
Administrative expenses:					
- General administrative expenses	20	(8,627,932)		(10,197,725)	
- Asset impairment	3	(485,639)		(32,278,762)	
			(9,113,571)		(42,476,487)
Loss on ordinary activities before finance charges and taxation			**(1,423,530)**		**(28,472,082)**
Net interest expense	4		(154,400)		(235,042)
Loss before taxation	3		**(1,577,930)**		**(28,707,124)**
Tax charge	7		(84,230)		(837,266)
Loss for the financial year			**(1,662,160)**		**(29,544,390)**

All activities are from continuing operations. There was no other comprehensive income for 2021 or 2020. The notes on pages 16 to 31 form part of these financial statements.

Statement of Financial Position
As at 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
Non-current Assets			
Intangible assets	8	9,960	-
Property, plant and equipment	9	644,698	-
		654,658	**-**
Current Assets			
Receivables	11	14,181,171	17,690,683
Cash at bank and in hand		1,932,280	1,559,390
		16,113,451	**19,250,073**
Current Liabilities	12	(11,046,305)	(14,339,495)
Net Current Assets		**5,067,146**	**4,910,578**
Non-current Liabilities	13	(349,915)	(404,291)
Provisions	20	(2,527,762)	-
Net Assets		**2,844,127**	**4,506,287**
Equity and Reserves			
Share capital	15	53,998,427	53,998,427
Profit and loss account		(51,154,300)	(49,492,140)
Shareholders' Funds		**2,844,127**	**4,506,287**

These financial statements were approved by the board of directors on 9th August 2021 and were signed on its behalf by:

Mr Guenter K Butschek
Director
Company registered number: 05551225

The notes on pages 16 to 31 form part of these financial statements.

Statement of Changes in Equity
For the year ended 31 March 2021

	Share Capital	Profit and Loss account	Total
	£	£	£
Balance at 1 April 2020	53,998,427	(49,492,140)	4,506,287
Loss for the period	-	(1,662,160)	(1,662,160)
Balance at 31 March 2021	**53,998,427**	**(51,154,300)**	**2,844,127**

The notes on pages 16 to 31 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 March 2021

1. ACCOUNTING POLICIES

a) Basis of preparation

Tata Motors European Technical Centre plc is a public limited company incorporated, domiciled and registered in the United Kingdom. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 [("Adopted IFRSs")], but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken .":

- IFRS 2 Share-based payment
- IFRS 3 Business Combinations
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair Value Measurement
- IFRS 15 Revenue from Contracts with Customers
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 24 Related Party Disclosures
- IAS 36 Impairment of Assets

The financial statements are prepared in accordance with the historical cost convention and on the going concern basis as noted in the Directors' Report.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 9.

b) Going concern

The Directors have prepared these financial statements on the assumption that the company will continue to trade as a going concern for the foreseeable future on the following basis.

The Company earns its revenue from selling engineering and design services to its ultimate parent company, Tata Motors Limited. It meets its day to day working capital requirements from cash balances, together with a loan of £2m from ANZ Bank (repaid in June 2021) and loans of £4.25m and trading balances from companies in the group headed by Tata Motors Limited, the ultimate parent company (see note 12 and 17).

The Company has prepared cashflow forecasts for the period to 30 September 2022 which comprise a base case forecast and a severe but plausible downside case forecast. The downside case considers the impact of COVID-19 on the Indian passenger vehicle market and the consequential restructuring required by the Company in an effort to reduce costs. A provision for restructuring costs of £2.5m is reflected in this year's results, payment of which will be supported by an additional loan of £5m to be provided by Tata Motors Limited. These forecasts show that the Company is dependent on the ongoing financial support from its parent company Tata Motors Limited in order to settle its liabilities as they fall due for the foreseeable future. The Directors have received a letter from Tata Motors Limited that states its intention to continue to provide sufficient financial support to enable the company to meet its liabilities as they fall due and to continue to trade for at least the 12 months following the approval of the Company's financial statements.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

b) Going concern (continued)

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

c) Revenue

Revenue consists of amounts chargeable by the Company to its customers (at present primarily to the parent company) for engineering and design consultancy services provided and is exclusive of value added tax. The Company recognises revenue when performance obligations are satisfied, which can be over a period of time. Only when both the Company and customer are satisfied that the performance obligations have been fulfilled is payment approved.

Contracts undertaken by the Company span the financial year such that any expenditure incurred during the year for which performance obligations cannot be achieved are fully recognised in the Profit and Loss account during the year in question. Therefore, the Company recognises no contract assets at the end of the financial year.

d) Impairment of non-financial assets excluding stocks and deferred tax assets

The carrying amounts of the Company’s non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Pensions & other benefits

The Company operates a Group Personal Pensions Plan (GPPP), which is a defined contributions scheme, provided by Royal London (‘the provider’) and arranged by Deven Yagnic Limited. The Company has constituted the said pension plan to attract and retain good talent from the industry. The Company makes a contribution of up to 6% of the employees’ gross basic salary, subject to the employees’ making a matching

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

e) Pensions & other benefits (continued)

contribution towards the pension plan, as per the provisions of the Scheme. Pension costs for the Company's GPPP are charged to the Statement of comprehensive income in the year in which they are incurred.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

The Company has also established an approved group life assurance plan for the benefit of the employees, which would provide financial protection to the employee's dependants in the event of the employee's death. HMRC has approved the said plan and the contributions paid towards the said plan would be eligible for deductions from profits chargeable to corporation tax under the Income and Corporation Taxes Act 1988 (ICTA 1988). The policy covers the insurance of the employees up to a limit of 4 times the employee's basic salary, subject to the overall Company ceiling cover of £1,250,000. Premiums paid towards the said policy have been charged to the Statement of comprehensive income in the year in which they are incurred.

The Company has also established a Group Income Protection Plan through Unum Limited, in order to provide finance to cover the work normally completed by the employee and protect employees' income in the event of their absence due to long term illness, whereby the employee is provided with a basic benefit of up to 50% of their basic annual salary up to a maximum period of 5 years. The benefits become payable after the expiry of 13 consecutive weeks from the date of incapacity of a member of the policy, subject to the rules of the policy. Premiums paid for the said income protection plan have been charged to the Statement of comprehensive income in the year in which they are incurred.

f) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

g) Foreign exchange

Transactions denominated in foreign currencies are translated from the functional currency at the periodic rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the Statement of comprehensive income.

h) Finance costs

Finance costs of financial liabilities are recognised in the Statement of Comprehensive Income over the term of such instruments at a constant rate on the carrying amount.

i) Government grants

Government grants are recognised when there is reasonable assurance that the group will comply with the conditions attached to them and the grants will be received.

Government grants which have been made to reimburse expenses are charged to the Statement of Comprehensive income when they become receivable and in the appropriate period so to match with the expenses which it relates.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

i) Government grants (continued)

The Company has opted to apply for the Research and Development Expenditure Credit (RDEC) for qualifying expenditure and the Job Retention Scheme (JRS). In accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance', RDEC and JRS income is included within other operating income and the associated taxation charge (for RDEC) within taxation charges.

j) Property, plant and equipment

Fixed assets are stated at cost less provision for depreciation and any impairment. Depreciation on tangible fixed assets is provided to write off the value (being cost less estimated residual value) of tangible fixed assets over their estimated useful economic lives below:

Computer Equipment:	Over a period of 4 years
Office Equipment:	Over a period of 4 years
Engineering Equipment:	Over a period of 4-10 years; assessed by each individual asset
Motor Vehicles:	Over a period of 4 years

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

k) Right of use assets

A right of use asset is measured at the amount of the lease liability (as per Note 1(r)) recognised which is adjusted for any accrued or prepaid operating lease payments at 1 April 2019 and is depreciated over the assets lease term. The Company's right of use assets have a lease term of 17 years. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

l) Intangible assets – research & development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit, which is expected to be four years. Provision is made for any impairment where the recoverable amount, being the higher of the intangible's net selling price and value in use, is less than the carrying value of the intangible.

m) Intangible assets – intellectual property

Intellectual property is included at cost and amortised in equal annual instalments over a period of 7 years which is their estimated useful economic life. Provision is made for any impairment, when required.

n) Intangible assets – perpetual licences & software

Perpetual licences and software are included at cost and amortised in equal annual instalments over a period of 4 - 5 years which is their estimated useful economic life. Provision is made for any impairment, when required.

o) Financial instruments

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), less transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

o) Financial instruments (continued)

On initial recognition, a financial asset is classified as measured at amortised cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions; (a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions; (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances.

q) Liabilities and contingent liabilities

The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

r) Leases

The Company accounts for leases using the modified retrospective approach.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company also assesses whether the contract contains any non-lease components, as these are accounted for outside of IFRS 16.

The Company recognises a right of use asset (as per Note 1(k)) and a lease liability at the lease transitional date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the transitional date, plus any initial direct costs incurred less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the transitional date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, as is the case for the Company, to use its incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

1. ACCOUNTING POLICIES (continued)

r) Leases (continued)

changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, to the extent that the right of use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right of use assets that do not meet the definition of investment property within non-current assets and lease liabilities in creditors falling due within and after one year in the Statement of Financial Position.

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

2. REVENUE

Revenue for the year ended 31 March 2021 aggregated £18,479,642 (2020: £26,948,422), including revenue from the provision of services to Tata Motors Limited in India. The geographical breakdown of the Company's revenue is depicted below:

	For the year ended 31 March 2021 £	For the year ended 31 March 2020 £
UK revenue	89,849	103,890
Indian revenue	18,389,793	26,844,532
	18,479,642	**26,948,422**

The life of all contracts ended with the financial year, so any expenditure incurred during the year, which relate to the satisfied performance obligations (or partially satisfied performance obligations) in these contracts were expensed in profit or loss. As a result, at 31 March 2021 no contract assets are recognised and contract liabilities are £266,392 (2020: £849,704).

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 March 2021 £	31 March 2020 £
Loss on ordinary activities before taxation	**(1,577,930)**	**(28,707,124)**
<u>This is stated after charging/(crediting):</u>		
Depreciation & amortisation	129,334	3,405,402
Asset impairment *	485,639	32,278,762
Payment for licence to occupy land & buildings	-	20,000
Loss / (profit) on disposal of assets	(18,333)	38,837
UK furlough income	(889,049)	-
RDEC	(443,316)	(1,049,965)
Foreign exchange losses	430,208	82,483
Research and development expenditure	13,162,698	13,502,928
The analysis of auditor's remuneration is as follows:		
Audit fees	33,800	29,500

** The impact of the COVID-19 global pandemic has had a significant adverse impact on the automobile industry. As a result, the Company reviewed its fixed assets at 31 March 20 and concluded that a full impairment was required given the Company no longer believed that the carrying value of its assets reflect its recoverable value, which is recognised within the Company's administrative expenses. The impairment of current years fixed asset additions relate to assets which were in use prior to 31 March 20 but were not included in the impairment review conducted at 31 March 20 due to the timings of when the assets were recognised.*

4. NET INTEREST INCOME

	31 March 2021 £	31 March 2020 £
Interest on Indian tax	127,562	131,428
Other interest received	-	33
Total interest income	**127,562**	**131,461**
Interest expense on bank loan	(45,139)	(55,853)
Interest expense on loan taken (from group undertaking) *	(217,007)	(291,655)
Interest expense on lease liability **	(19,816)	(18,995)
Total interest expense	**(281,962)**	**(366,503)**
Net interest (expense)/income	**(154,400)**	**(235,042)**

* Further details regarding the loan provided and associated interest is contained within Note 12 herein.
** Interest is calculated at the Company's incremental borrowing rate of LIBOR + 300 basis points, equating to 4.32% pa, on the total lease liability recognised.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

5. DIRECTORS' EMOLUMENTS

	31 March 2021 £	31 March 2020 £
Directors Remuneration		
Emoluments	138,066	-
Cash sum in lieu of Company Car	2,400	-
Pension contribution	74,933	-
	215,399	**-**

During the year ended 31 March 21, directors' remuneration was paid by the Company, previously, directors' remuneration was paid through another company within the Tata group.

The Company has a money purchase pension scheme whereby personal contributions are matched up to 6%, however there were no directors as at 31st March 2021 (2020: no directors) who were members of the money purchase pension scheme. There is no share option scheme in operation within the Company at present.

6. EMPLOYEE INFORMATION
7.

	31 March 2021 £	31 March 2020 £
Permanent Staff Cost		
Salaries & Wages (including directors, but excluding non-executive directors)	10,603,221	9,996,304
Social security costs	1,151,198	1,099,858
Other pension costs	483,608	472,135
	12,238,027	**11,568,297**
Contractors Cost	**1,244,573**	**2,699,290**

Number of Employees (including the directors but excluding non-executive directors)

	31 March 2021 (Average in Numbers)	31 March 2020 (Average in Numbers)
Permanent	152	152
Contractors	25	37
	177	**189**

There were no unpaid pension contributions in the current year toward the pension scheme (2020: Nil).

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

7. TAXATION

	31 March 2021 £	31 March 2020 £
Analysis of tax charge on ordinary activities		
UK corporation tax		
Current tax on income for the period	127,300	190,000
Adjustments in respect of prior periods	(43,070)	9,494
Foreign tax		
Current tax on income for the period	-	637,772
Adjustments in respect of prior periods	-	-
	84,230	**837,266**
Deferred Tax:		
Origination and reversal of temporary differences:		
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Tax on profit	**84,230**	**837,266**

Factors affecting current tax charge for the period

The taxation rate for the period is different to the standard rate of corporation tax in the UK of 19% (2019/20: 19%). These differences are reconciled below:

	31 March 2021	31 March 2020
Profit/(Loss) on ordinary activities before tax	(1,577,930)	(28,707,124)
Tax 19% (2019/20 at 19%)	(299,808)	(5,454,353)
Effects of:		
Unrecognised temporary differences	250,149	5,531,520
Research and Development Expenditure Credit (RDEC) debit/(credit) in respect of previous periods	171,458	180,507
Adjustments to tax charge in respect of previous periods	(43,070)	9,494
Expenses not deductible for tax purposes	5,501	53,504
Irrecoverable overseas tax	-	516,594
Total tax charge for the period	**84,230**	**837,266**

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

8. INTANGIBLE FIXED ASSETS

	Perpetual Licences & Software	Intellectual Property	Total
	£	£	£
Cost			
As at 1 April 2020 *	3,806,696	1,834,978	**5,641,674**
Additions	11,349	-	**11,349**
Disposals	-	-	**-**
Impairment **	(3,806,696)	(1,834,978)	**(5,641,674)**
As at 31 March 2021	**11,349**	**-**	**11,349**
Amortisation			
As at 1 April 2020 *	3,766,883	1,834,978	**5,601,861**
Charge for the year	1,389	-	**1,389**
Disposals	-	-	**-**
Impairment **	(3,766,883)	(1,834,978)	**(5,601,861)**
As at 31 March 2021	**1,389**	**-**	**1,389**
Net Book Value			
As at 31 March 2021	**9,960**	**-**	**9,960**
As at 31 March 2020	-	-	-

* *Includes assets (and associated amortisation) which were fully impaired on 31st March 20*
** *Relates to impairment of assets as at 31st March 20, therefore, impairment charge recognised within administrative expenses during the year ending 31st March 20*

The Company considers its software assets not to be an integral part of the Company's plant and machinery and therefore classifies such items as intangible assets.

As a result of the impairment review undertaken as at 31st March 21, intangible assets with a net book value of £0.04m continue to be fully impaired as detailed in Note 9.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

9. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment £	Office & Engineering Equipment £	Motor Vehicles £	Total Tangible Assets £
Cost				
As at 1 April 2020 *	3,249,523	6,618,687	260,301	**10,128,511**
Additions	660,034	564,171	34,078	**1,258,283**
Disposals	-	-	-	**-**
Impairment **	(3,249,523)	(7,168,788)	(260,301)	**(10,678,612)**
As at 31 March 2021	**660,034**	**14,070**	**34,078**	**708,182**
Depreciation				
As at 1 April 2020 *	2,288,492	2,202,446	240,091	**4,731,029**
Charge for the year	60,229	66,297	1,420	**127,946**
Disposals	-	-	-	**-**
Impairment **	(2,288,492)	(2,266,908)	(240,091)	**(4,795,491)**
As at 31 March 2021	**60,229**	**1,835**	**1,420**	**63,484**
Net Book Value				
As at 31 March 2021	**599,805**	**12,235**	**32,658**	**644,698**
As at 31 March 2020	-	-	-	-

/

* *Includes assets (and associated depreciation) which were fully impaired on 31st March 20*

** *Relates to impairment of assets as at 31st March 20, impairment charge of £5.4m recognised within administrative expenses for the year ended 31st March 20, current year impairment charges are £0.5m (further details provided below)*

Last year, the impact of COVID-19 had a significant adverse impact on the automobile industry. Consequently, undertaking the annual assessment of its cash generating unit (CGU) being intangible assets, property, plant and equipment (PPE) and right of use (ROU) assets, resulted in the CGU's recoverable value being of a significantly lower value than its carrying value such that a full impairment was required which has been recognised within administrative expenses.

Currently, the Company has reviewed its forecast EBITDA for the next 5 years and anticipates no reversal of the impairment is warranted given the CGU's recoverable value is still believed to be significantly lower than its carrying value prior to the impairment, consequently, property, plant and equipment, with a net book value of £5.4m continue to be fully impaired.

The impairment of current years PPE additions relate to assets which were in use prior to 31 March 20 but were not included in the impairment review conducted at 31 March 20 due to the timings of when the assets were recognised. In line with IAS 36, the value in use of the CGU has been calculated; the Company has used a pre-tax discount factor of 20% and forecasts show that the Company's EBITDA continues to be loss making until the year ending 31st March 24 with the following 2 years being slightly profitable, which indicates a net cash inflow of approximately £0.6m. As a result, only part of the current years CGU additions have been impaired, given the remaining assets recoverable value is considered to be in line with its carrying value.

10. RIGHT OF USE ASSETS

	Commercial Premises £	Total £
Cost		
As at 1 April 2020	28,570,096	28,570,096
Additions	-	-
Disposals	-	-
Impairment	(28,570,096)	**(28,570,096)**
As at 31 March 2021	**-**	**-**
Depreciation		
As at 1 April 2020	1,728,632	**1,728,632**
Charge for the year	-	**-**
Disposals	-	**-**
Impairment	(1,728,632)	**(1,728,632)**
As at 31 March 2021	**-**	**-**
Net Book Value		
As at 31 March 2021	**-**	**-**
As at 31 March 2020	-	-

* *Includes assets (and associated depreciation) which were fully impaired on 31st March 20*
** *Relates to impairment of assets as at 31st March 20, therefore, impairment charge recognised within administrative expenses during the year ending 31st March 20*

The Company implemented IFRS 16 “Leases” from 1st April 19, which constitute two leases relating to the National Automotive Innovation Centre (NAIC) and Argent Court. Other leases had been classified as short term leases and have therefore been excluded from IFRS 16 and no additions were made during the year.

As a result of the impairment review undertaken at 31st March 21, right of use assets with a net book value of £26.8m continue to be fully impaired, as detailed in Note 9.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

11. RECEIVABLES

	31 March 2021 £	31 March 2020 £
Current assets		
Trade receivables	5,825	3,655
Amounts due from parent company	6,011,784	9,596,889
VAT	263,973	64,225
Accrued income and other receivables	-	4,507
Prepayments	805,553	761,207
Withholding tax recoverable and associated interest	5,811,676	5,528,757
Research and Development Expenditure Credit	1,282,360	1,731,443
	14,181,171	**17,690,683**

During the year, the Company continued to recover its withholding taxes from the Indian tax authorities. The remaining balance is believed to be recoverable after 12 months.

12. CURRENT LIABILITIES

As at the end of the year ending 31 March 2021, the details of creditors falling due within one year are given below:

	31 March 2021 £	31 March 2020 £
Bank loan	2,000,000	2,000,000
Loan from parent company	4,250,000	4,250,000
Trade creditors	1,163,381	1,435,816
Loan Interest payable to parent company	39,524	337,519
Other creditors	16,123	76,487
Other taxation and social security	1,221,622	1,810,587
Lease liability	16,055	53,991
Accruals	2,339,600	4,375,095
	11,046,305	**14,339,495**

The said unsecured bank loan from Australia and New Zealand Banking Group (ANZ) was provided on 29th December 15. Interest is calculated at LIBOR + 200 basis points on a daily basis, based on actual number of days elapsed from the date of drawdown of the facility, and is accrued from the first day of the initial draw down of the facility, and is calculated accordingly. The rate of interest on 31st March 21 was 2.34% p.a. The said loan was repaid in June 21.

The £2,250,000 unsecured loan from the parent company was agreed on 20th December 2013, after renegotiation of the reduction in the bank loan. It has been rolled forward to 20th December 2021 and is repayable at that date. Interest is accrued and calculated at the twelve month LIBOR + 300 basis points and is reset on an annual basis. A further £2,000,000 unsecured loan from the parent company was provided on 9th February 2016, whereby interest is calculated on the same basis as the original £2,250,000 loan provided from its parent company. It has been rolled forward to 31st March 2022 and is repayable at that date.

The Company recognised a current lease liability following the implementation of IFRS 16 from 1st April 19, with respect to its premises, Argent Court.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

13. NON-CURRENT LIABILITIES

As at the end of the year ending 31 March 2021, the details of creditors falling due after one year are given below:

	31 March 2021 £	31 March 2020 £
Lease liability	349,915	404,291
	349,915	**404,291**

The Company recognised a long term lease liability following the implementation of IFRS 16 from 1st April 19, with respect to its premises, Argent Court. Further details about the leases are included in Note 1(r).

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	31 March 2021 £	31 March 2020 £
Interest on lease liabilities (under IFRS16)	19,816	18,995
Expenses relating to short-term leases (under IFRS16)	-	20,000
	19,816	**38,995**

14. DEFERRED TAX

There are no recognised deferred tax amounts in the current and preceding year.

	31 March 2021 £	31 March 2020 £
Analysis of unrecognised deferred tax balance		
Capital allowances in excess of depreciation	(3,096,781)	(2,450,731)
Tax losses carried forward	(7,520,914)	(7,870,371)
RDEC expenditure claim	(1,720,167)	(1,634,849)
	(12,337,862)	**(11,955,951)**

At 31 March 2021 the Company had unused trading losses of £39,583,757 (2020: £38,862,441). No deferred tax asset has been recognised in respect of these losses and other timing differences due to the uncertainty over whether there will be sufficient taxable profits in future periods to use them.

15. SHARE CAPITAL

	31 March 2021 £	31 March 2020 £
Ordinary shares issued	53,998,427	53,998,427

The Company's share capital consists of ordinary allotted, called up and fully paid shares of a value of £1 each. No shares were issued during the year.

16. DEFINED CONTRIBUTION SCHEMES

The total cost charged to income of £483,608 (2020: £472,135) represents contributions payable to these schemes by the group at rates specified in the rules of the plans.

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

17. ULTIMATE CONTROLLING PARTY

The parent undertaking of the Company is Tata Motors Limited, a public limited company incorporated and domiciled in India, which is an associate of Tata Sons Limited.

Tata Motors Limited is the parent company of the group to which this Company belongs and for which the smallest and largest group accounts are prepared. Copies of the consolidated financial statements of Tata Motors Limited can be obtained from the parent's registered office situated at Bombay House, 24 Homi Mody Street, Mumbai 400 001, India.

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 101 Section 8 not to disclose details of transactions with wholly owned group members.

Trading transactions with non-wholly owned group companies are summarised below:

Purchase of goods or services

	31 March 2021 £	31 March 2020 £
Tata Limited	41,000	45,186
Tata Technologies Pte Ltd	20,841	-
Tata Management Training Centre	9,585	-
Tata Sons Limited	3,563	6,400
Tata Technologies Europe Limited	-	11,250
Tata Communications (UK) Limited	-	4,744
Tata Consultancy Services Limited	-	600
	74,989	**68,180**

Trade Creditor Balances

	31 March 2021 £	31 March 2020 £
Tata Limited	8,200	20,500
Tata Sons Limited	3,563	6,400
Tata Technologies Europe Limited	-	4,500
	11,763	**31,400**

Notes to the Financial Statements (continued)
For the year ended 31 March 2021

18. RELATED PARTY TRANSACTIONS (continued)

Trade Debtor Balances

	31 March 2021 £	31 March 2020 £
Tata Consultancy Services Limited	-	5,118
	-	**5,118**

There were no sales of goods or services to non-wholly owned group companies during the year. All transactions with related parties are on arm's length basis.

19. SUBSEQUENT EVENTS

The Company's debt structure has changed in June 21 whereby a £5M has been provided by TML which has allowed the Company to repay the £2M ANZ loan.

20. ACCOUNTING ESTIMATES AND JUDGEMENTS

During March 21, the Company announced its intention to restructure the organisation to bring it in line with the Company's updated strategy. As a result, a consultation process began in March 21 which is expected to be concluded in June 21. A provision has been recognised for severance costs which are estimated to be £2,527,762, such costs are recognised in the Statement of Comprehensive Income within general administrative expenses.

The Company continues to conduct its annual impairment reviews on all cash generating units (CGU), whereby best estimates are applied in calculating the recoverable values of the CGU.

As stated in note 14, no deferred tax asset has been recognised in respect of unused trading losses and other timing differences due to the uncertainty over whether there will be sufficient taxable profits in future periods to use them.