FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAGUAR LAND ROVER AUTOMOTIVE PLC

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Jaguar Land Rover Automotive plc ("the Company") for the year ended 31 March 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income or Expense, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, the parent Company Balance Sheet, the parent Company Statement of Changes in Equity, the parent Company Cash Flow Statement, and the related notes, including the parent and Group accounting policies in note 2.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- The parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements 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 Group 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.

OVERVIEW

Materiality Group financial statements as a whole		£100m (2018: £60m) 0.4% of Total Group revenue (2018: 4.0% Group profit before tax)
Coverage		85% (2018: 91%) of Total Group revenue
Key audit matters		**vs 2018**
Recurring risks	**New** Brexit uncertainties	^
	New Going concern	^
	Impairment of long-life intangible assets	^
	Valuation of pension liabilities	<>
	New Capitalisation of product engineering costs	v
Parent Company key audit matter	Recoverability of parent Company investment in subsidiaries and intra-Group debtors	<>

2. KEY AUDIT MATTERS: INCLUDING OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed, and our results are based on procedures undertaken, in the context of our audit of the financial statements as a whole, and in forming our opinion on these matters. In arriving at our opinion above, the key audit matters were as follows:

	The risk	Our response
The impact of uncertainties due to the UK exiting the European Union on our audit	**Unprecedented levels of uncertainty** All audits assess and challenge the reasonableness of estimates, in particular as described in the Impairment of long-life intangible assets and Capitalisation of product engineering costs (together referred to as "the key audit matters affected"), and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements (see below). All of these depend on assessments of the future economic environment and the Group's future prospects and performance. Brexit is one of the most significant economic events for the UK and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown.	We developed a standardised firm-wide approach to the consideration of the uncertainties arising from Brexit in planning and performing our audits. Our procedures included: • **Our Brexit knowledge:** We considered the directors' assessment of Brexit-related sources of risk for the Group's business and financial resources compared with our own understanding of the risks. We considered the directors' plans to take action to mitigate the risks. • **Sensitivity analysis:** When addressing the impairment of long-life intangible assets, capitalisation of product engineering costs and going concern and other areas that depend on forecasts and cash flows, we compared the directors' analysis to our assessment of the full range of reasonably possible scenarios resulting from Brexit uncertainty and, where forecast cash flows are required to be discounted, considered adjustments to discount rates for the level of remaining uncertainty. • **Assessing transparency:** As well as assessing individual disclosures as part of our procedures on the key audit matters affected we considered all of the Brexit-related disclosures together, including those in the strategic report, comparing the overall picture against our understanding of the risks. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

	The risk	Our response
Going concern Refer to page 111 (accounting policy)	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company and whether any material uncertainties exist in relation to the going concern assumption. That judgement is based on an evaluation of the inherent risks to the Group and parent Company, in particular risks associated with political uncertainty, and how those risks might affect the Group and parent Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group and parent Company's available financial resources over this period were: • The impact of trading disputes between the US and China and the US and the EU (leading to potential tariff changes), which are disrupting sales behaviour and consumer confidence in China and the US and causing significant costs on export of goods; and • The impact of Brexit on the Group's supply chain and on the export of goods by not maintaining free and frictionless trade. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt on the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	• **Funding assessment:** Evaluated the Group and parent Company's financing terms. • **Key dependency assessment:** Assessed sufficiency of Group and parent Company's resources to repay the debt falling due in at least the 18 months from the date of approval of the financial statements. • **Historical accuracy:** Evaluated historical forecasting accuracy of key inputs, including cash forecasts, by comparing to the actual results. • **Historical comparisons:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing those, where appropriate, to historical trends in volumes and margins. • **Benchmarking assumptions:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing to externally derived data in relation to key inputs such as sales volumes and cost inflation, where appropriate taking into consideration historical trends in volumes and margins. • **Sensitivity analysis:** Considered sensitivities over the level of available financial resources indicated by the Group and parent Company's financial forecasts, taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively, such as increased tariffs as a result of Brexit, the US–EU and US–China trade disputes and tariff challenges. • **Assessing transparency:** Performed procedure over the completeness and accuracy of the disclosures in the financial statements and ensured that they reflect the position of the Group's financing and the risks associated with the Group's ability to continue as a going concern.

	The risk	Our response
Impairment of long-life intangible assets (£5,627 million; 2018: £6,763 million) Refer to page 119 (accounting policy) and page 147 (financial disclosures).	**Forecast-based valuation** The Group holds a significant amount of long-life intangible assets on its balance sheet, within a single cash-generating unit. The weak trading performance in China and the falling market capitalisation of the ultimate parent Company, Tata Motors Limited ("TML"), led the Group to perform an impairment assessment at both 31 December 2018 and 31 March 2019. The Group recognised an impairment of £3.1 billion during the year ended 31 March 2019. The recoverable value is considered to be the higher of the Company's assessment of the value in use ("VIU") methodology and fair value less costs of disposal ("FVLCD") methodology. There is a risk over the Group's assessment and measurement of impairment and therefore the impairment of long-life intangible assets due to: • **VIU model** using optimistic expectations of key assumptions such as future sales volumes, gross margins, overheads and capital expenditure; and • **FVLCD model** using optimistic adjustments to those cash flows used within the VIU model to reflect a market valuation of the Group. The effect of these matters is that, as part of our risk assessment, we determined that the value in use of £8 billion has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements in note 18 disclose the sensitivities estimated by the Group.	• **Historical accuracy:** Evaluated historical forecasting accuracy of key inputs, including cash forecasts, by comparing to the actual results. • **Historical comparisons:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing those, where appropriate, to historical trends in volumes and margins. • **Benchmarking assumptions:** Assessed appropriateness of Group and parent Company's assumptions used in the cash flow projections by comparing to externally derived data in relation to key inputs such as sales volumes and cost inflation, where appropriate taking into consideration historical trends in volumes and margins. • **Benchmarking assumptions:** Compared the Group's discount rate and long-term growth rate calculation to external benchmark data and comparative companies' rates and reperformed the discount rate calculation using the capital asset pricing model with the assistance of our valuation specialists. • **Sensitivity analysis:** Performed a sensitivity analysis over the reasonably possible combination of changes in the forecasts, including the impact of potential downside scenarios such as a hard Brexit, US tariffs and a slower-than-expected resurgence in the China market. • **Comparing valuations:** Assessed Group's reconciliation between the estimated market capitalisation of the Group and its VIU and FVLCD. • **Benchmarking assumptions:** Compared the earnings multiple used in the FVLCD to comparative companies and to market data sources with the assistance of specialists. • **Assessing transparency:** Assessed the completeness and accuracy of the disclosures in the financial statements and ensured that the disclosure reflects the impact of reasonably possible downside assumptions on the amount of impairment.

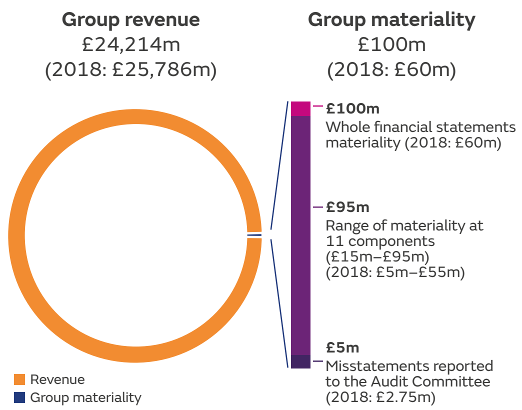
	The risk	Our response
Valuation of pension liabilities (£8,648 million; 2018: £8,320 million) Refer to page 121, Defined benefit obligation estimate (accounting policy) and page 155, Defined benefit obligation (financial disclosures).	**Subjective valuation** Small changes in the assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/life expectancy used to value the Group's pension obligation (before deducting scheme assets) would have a significant effect on the Group's net pension deficit. The risk is that these assumptions are inappropriate, resulting in an inappropriate valuation of scheme liabilities. The effect of these matters is that, as part of our risk assessment, we determined that valuation of the pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 32) disclose the sensitivity estimated by the Group.	• **Control operation:** Tested the controls over the assumptions applied in the valuation and inspected the Group's annual validation of the assumptions used by its actuarial expert. Tested the Group's controls operating over selection and monitoring of its actuarial expert for competence and objectivity. • **Benchmarking assumptions:** Challenged, with the support of our own actuarial specialists, the key assumptions applied to the valuation of the liabilities, being the discount rate, inflation rate and mortality/life expectancy against externally derived data. • **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the sensitivity of the deficit to these assumptions.
Capitalisation of product engineering costs (£4,859 million; 2018: £5,713 million) Refer to page 118 (accounting policy) and page 146 (financial disclosures).	**Forecast-based valuation** The application of the capitalisation criteria set out in IAS 38 by the Group involves key judgements around the date capitalisation commences. As a result of noting that the Group capitalises a high proportion of costs related to its product development spend compared to its peers and the Group recognising an impairment charge of £3.1 billion over long-life assets during the year, we assess that there is an elevated risk of material misstatement. **Accounting application in relation to this** The application of the capitalisation criteria set out in IAS 38 by the Group involves key judgements as to whether the nature of costs capitalised are directly attributable. The effect of these matters is that, as part of our risk assessment, we determined that capitalisation of product engineering costs has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 2) disclose a reasonably possible alternative.	• **Control operation:** Tested the control over the Group's retrospective review of historically forecast material production costs at the point capitalisation commenced against actual costs observed in manufacture, being a key input to management's assessment of whether future economic benefit of development projects is probable, and the control over the Group's judgements as to whether indirect personnel and overhead costs are considered directly attributable. • **Benchmarking assumptions:** Compared the assumptions applied in the Group's assessment of economic viability to externally derived data in relation to key inputs such as projected volume sales. • **Assessing forecasts:** Assessed the Group's economic viability calculation by comparing relevant factors to source documentation, application of downside sensitivities to stress test assumptions, and work over the Group's overall forecasts. • **Historical comparison:** Performed a retrospective review to compare and assess previous economic viability assumptions against the actual outturn. • **Comparing valuations:** Compared the volumes used in the economic viability forecast produced by the Group to the VIU model in the impairment of long-life assets' assessment for consistency. • **Assessing transparency:** Considered the adequacy of the Group's disclosures in respect of the Group's judgement of whether the IAS 38 capitalisation criteria have been met.

	The risk	Our response
Recoverability of parent Company investment in subsidiaries and intra-Group debtors Investment (£1,655 million; 2018: £1,655 million) Intra-Group debtors (£4,898 million; 2018: £4,314 million) Refer to page 121 (accounting policy) and page 183 (financial disclosures).	**Low risk, high value** The amount of the parent Company's investment in its subsidiary, which acts as an intermediate holding company for the rest of the Company's subsidiaries, represents 25% (2018: 28%) of the parent Company's assets. The carrying amount of the intra-Group debtors balance comprises the remaining 75% (2018: 72%). Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality and following the weak trading performance of the Group, in the context of the Company financial statements this is considered to be one of the areas that had the greatest effect on our overall Company audit.	• **Tests of detail:** Compared the carrying amount of the parent Company's only investment with the subsidiary's draft balance sheet and assessed 100% of the Group debtor balance to identify whether its net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessed whether the Group headed by the subsidiary has historically been profit making. • **Assessing subsidiary audits:** Assessed the work performed as part of the Group audit over the subsidiaries' profits and net assets. • **Comparing valuations:** Compared the carrying amount of the investment in the subsidiary to the Group's estimated market capitalisation of its ultimate parent, adjusted to exclude the liabilities of the parent Company and net assets of companies outside the Group, being an approximation of the recoverable amount of the investment.

We continue to perform procedures over completeness and accuracy of warranty provisions and revenue deductions for incentives anticipated on vehicles sold.

However, following the revision of our materiality, we no longer consider the risk over the completeness and accuracy of the accrual for revenue deductions for incentives anticipated on vehicles sold to be one of the most significant risks in our current-year audit; therefore, it is not separately identified in our report this year.

Similarly, we no longer consider the risk over completeness and accuracy of warranty provisions to be one of the most significant risks in our current-year audit; therefore, it is not separately identified in our report this year.



3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at £100 million (2018: £60 million), determined with reference to a benchmark of total Group revenue (2018: Group profit before tax), of which it represents 0.4% (2018: 4.0% Group profit before tax).

We consider total Group revenue to be the most appropriate benchmark, as it provides a more stable measure year on year than Group profit before tax. In addition, a materiality level of £100 million is considered appropriate in the context of the impairment charge to long-life assets of £3.1 billion.

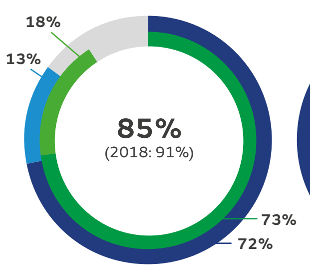
Materiality for the parent Company financial statements as a whole was set at £65 million (2018: £55 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2018: 0.9%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £5 million in addition to other identified misstatements that warranted reporting on qualitative grounds.

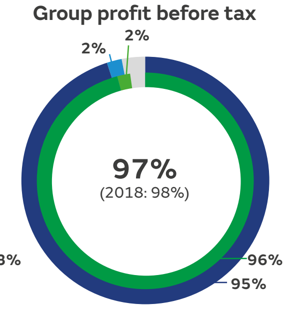
Of the Group's 37 (2018: 31) reporting components, we subjected 4 (2018: 4) to full-scope audits for Group purposes and 7 (2018: 9) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full-scope audit for Group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated below.

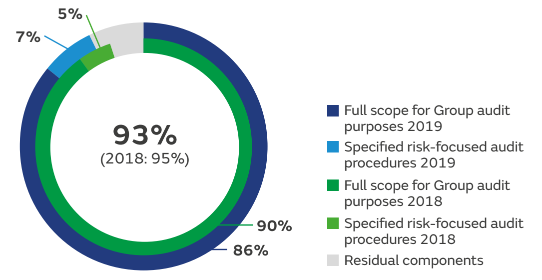
Group revenue



Group profit before tax



Group total assets



The remaining 15% (2018: 9%) of total Group revenue, 3% (2018: 2%) of Group profit before tax and 7% (2018: 5%) of total Group assets are represented by 20 (2018: 18) reporting components, none of which individually represented more than 3% (2018: 2%) of any of total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £15 million to £95 million (2018: £5 million to £55 million), having regard to the mix of size and risk profile of the Group across the components. The work on 9 of the 11 (2018: 11 of the 13) components was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team.

The Group team visited three (2018: three) component locations in the United States, China and Germany in both years to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and all others which were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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 their 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").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- We have anything material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- We have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these aspects.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

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

Strategic report and directors' report

Based solely on our work on the other information:

- 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.

6. WE HAVE NOTHING TO REPORT ON THE OTHER 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent Company 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.

We have nothing to report in these respects.

7. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 95, the directors are responsible for the preparation of the financial statements, including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 Group or the parent 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.

8. 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
ONE SNOWHILL
SNOW HILL QUEENSWAY
BIRMINGHAM
B4 6GH
3 JUNE 2019

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Year ended 31 March	Note	2019 £m	2018 restated** £m	2017 restated** £m
Revenue	5	24,214	25,786	24,339
Material and other cost of sales*	4, 6	(15,670)	(16,328)	(15,071)
Employee costs*	4, 7	(2,820)	(2,722)	(2,490)
Other expenses*	4, 10	(5,567)	(5,846)	(5,376)
Exceptional items	4	(3,271)	438	151
Engineering costs capitalised	11	1,576	1,610	1,426
Other income		205	420	379
Depreciation and amortisation		(2,164)	(2,075)	(1,656)
Foreign exchange (loss)/gain and fair value adjustments		(59)	29	(253)
Finance income	12	35	33	33
Finance expense (net)	12	(111)	(85)	(68)
Share of profit of equity accounted investments	15	3	252	159
(Loss)/profit before tax	**13**	**(3,629)**	**1,512**	**1,573**
Income tax credit/(expense)	14	308	(398)	(331)
(Loss)/profit for the year		**(3,321)**	**1,114**	**1,242**
Attributable to:				
Owners of the Company		(3,325)	1,112	1,242
Non-controlling interests		4	2	–

* "Material and other cost of sales", "Employee costs" and "Other expenses" exclude the exceptional items explained in note 4.

** See note 2 for details of the restatement due to changes in accounting policies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

Year ended 31 March	Note	2019 £m	2018 restated* £m	2017 restated* £m
(Loss)/profit for the year		**(3,321)**	**1,114**	**1,242**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	32	(270)	546	(895)
Loss on effective cash flow hedges of inventory		(197)	–	–
Income tax related to items that will not be reclassified	14, 20	76	(89)	143
		(391)	**457**	**(752)**
Items that may be reclassified subsequently to profit or loss:				
Gain/(loss) on cash flow hedges (net)		92	2,442	(1,729)
Currency translation differences		(4)	(4)	34
Income tax related to items that may be reclassified	14, 20	(19)	(462)	322
		69	**1,976**	**(1,373)**
Other comprehensive (expense)/income net of tax		**(322)**	**2,433**	**(2,125)**
Total comprehensive (expense)/income attributable to shareholder		**(3,643)**	**3,547**	**(883)**
Attributable to:				
Owners of the Company		(3,647)	3,545	(883)
Non-controlling interests		4	2	–

* See note 2 for details of the restatement due to changes in accounting policies.

CONSOLIDATED BALANCE SHEET

As at 31 March	Note	2019 £m	2018 restated* £m	2017 restated* £m
Non-current assets				
Investments	15	546	516	475
Other financial assets	16	170	414	270
Property, plant and equipment	17	6,492	7,417	5,885
Intangible assets	18	5,627	6,763	6,167
Other non-current assets	19	83	82	80
Deferred tax assets	20	512	413	511
Total non-current assets		**13,430**	**15,605**	**13,388**
Current assets				
Cash and cash equivalents	21	2,747	2,626	2,878
Short-term deposits and other investments		1,028	2,031	2,609
Trade receivables		1,362	1,612	1,273
Other financial assets	16	314	494	218
Inventories	23	3,608	3,767	3,464
Other current assets	19	570	630	517
Current tax assets		10	10	3
Total current assets		**9,639**	**11,170**	**10,962**
Total assets		**23,069**	**26,775**	**24,350**
Current liabilities				
Accounts payable	24	7,083	7,614	6,508
Short-term borrowings	25	881	652	179
Other financial liabilities	26	1,042	1,189	2,139
Provisions	27	988	758	644
Other current liabilities	28	664	547	490
Current tax liabilities		94	160	144
Total current liabilities		**10,752**	**10,920**	**10,104**
Non-current liabilities				
Long-term borrowings	25	3,599	3,060	3,395
Other financial liabilities	26	310	281	1,399
Provisions	27	1,140	1,055	988
Retirement benefit obligation	32	667	438	1,461
Other non-current liabilities	28	521	454	362
Deferred tax liabilities	20	101	583	60
Total non-current liabilities		**6,338**	**5,871**	**7,665**
Total liabilities		**17,090**	**16,791**	**17,769**
Equity attributable to shareholders				
Ordinary shares	29	1,501	1,501	1,501
Capital redemption reserve	29	167	167	167
Other reserves	30	4,305	8,308	4,913
Equity attributable to shareholders		**5,973**	**9,976**	**6,581**
Non-controlling interests		6	8	–
Total equity		**5,979**	**9,984**	**6,581**
Total liabilities and equity		**23,069**	**26,775**	**24,350**

* See note 2 for details of the restatement due to changes in accounting policies.

These consolidated financial statements were approved by the Board and authorised for issue on 31 May 2019. They were signed on its behalf by:

PROF. DR. RALF D. SPETH
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares £m	Capital redemption reserve £m	Other reserves £m	Equity attributable to shareholder £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2018 restated*	**1,501**	**167**	**8,308**	**9,976**	**8**	**9,984**
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)	–	–	(32)	(32)	–	(32)
Adjusted balance at 1 April 2018	**1,501**	**167**	**8,276**	**9,944**	**8**	**9,952**
(Loss)/profit for the year	–	–	(3,325)	(3,325)	4	(3,321)
Other comprehensive expense for the year	–	–	(322)	(322)	–	(322)
Total comprehensive (expense)/income	**–**	**–**	**(3,647)**	**(3,647)**	**4**	**(3,643)**
Amounts removed from hedge reserve and recognised in inventory	–	–	(122)	(122)	–	(122)
Income tax related to amounts removed from hedge reserve and recognised in inventory	–	–	23	23	–	23
Dividend	–	–	(225)	(225)	–	(225)
Distribution to non-controlling interest	–	–	–	–	(6)	(6)
Balance at 31 March 2019	**1,501**	**167**	**4,305**	**5,973**	**6**	**5,979**
Balance at 1 April 2017	**1,501**	**167**	**4,913**	**6,581**	**–**	**6,581**
Profit for the year restated*	–	–	1,112	1,112	2	1,114
Other comprehensive income for the year restated*	–	–	2,433	2,433	–	2,433
Total comprehensive income restated*	**–**	**–**	**3,545**	**3,545**	**2**	**3,547**
Dividend	–	–	(150)	(150)	–	(150)
Acquisition of non-controlling interest	–	–	–	–	11	11
Distribution to non-controlling interest	–	–	–	–	(5)	(5)
Balance at 31 March 2018 restated*	**1,501**	**167**	**8,308**	**9,976**	**8**	**9,984**
Balance at 1 April 2016	**1,501**	**167**	**5,946**	**7,614**	**–**	**7,614**
Profit for the year restated*	–	–	1,242	1,242	–	1,242
Other comprehensive expense for the year restated*	–	–	(2,125)	(2,125)	–	(2,125)
Total comprehensive expense	**–**	**–**	**(883)**	**(883)**	**–**	**(883)**
Dividend	–	–	(150)	(150)	–	(150)
Balance at 31 March 2017	**1,501**	**167**	**4,913**	**6,581**	**–**	**6,581**

* See note 2 for details of the restatement due to changes in accounting policies.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March	Note	2019 £m	2018 £m	2017 £m
Cash flows from operating activities				
Cash generated from operations	38	2,458	3,064	3,291
Dividends received	15	22	206	68
Income tax paid		(227)	(312)	(199)
Net cash generated from operating activities		**2,253**	**2,958**	**3,160**
Cash flows used in investing activities				
Investment in equity accounted investments	15	–	–	(12)
Purchases of other investments		(14)	(25)	(1)
Investment in other restricted deposits		(35)	(26)	(32)
Redemption of other restricted deposits		36	16	51
Movements in other restricted deposits		1	(10)	19
Investment in short-term deposits and other investments		(2,437)	(5,493)	(5,097)
Redemption of short-term deposits and other investments		3,511	6,016	3,797
Movements in short-term deposits and other investments		1,074	523	(1,300)
Purchases of property, plant and equipment		(1,590)	(2,135)	(1,584)
Proceeds from sale of property, plant and equipment		2	–	1
Net cash outflow relating to intangible asset expenditure		(1,785)	(1,614)	(1,473)
Finance income received		34	33	33
Acquisition of subsidiaries (net of cash acquired)		–	6	–
Net cash used in investing activities		**(2,278)**	**(3,222)**	**(4,317)**
Cash flows (used in)/generated from financing activities				
Finance expenses and fees paid		(210)	(158)	(150)
Proceeds from issuance of short-term borrowings		649	543	488
Repayment of short-term borrowings		(703)	(546)	(443)
Proceeds from issuance of long-term borrowings		1,214	373	857
Repayment of long-term borrowings		(547)	–	(57)
Payments of lease obligations		(2)	(4)	(4)
Distributions to non-controlling interests		(3)	(5)	–
Dividends paid	31	(225)	(150)	(150)
Net cash generated from financing activities		**173**	**53**	**541**
Net increase/(decrease) in cash and cash equivalents		**148**	**(211)**	**(616)**
Cash and cash equivalents at beginning of year	21	2,626	2,878	3,399
Effect of foreign exchange on cash and cash equivalents		(27)	(41)	95
Cash and cash equivalents at end of year	**21**	**2,747**	**2,626**	**2,878**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Background and operations

Jaguar Land Rover Automotive plc ("the Company") and its subsidiaries are collectively referred to as "the Group" or "JLR". The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Abbey Road, Whitley, Coventry CV3 4LF, England, United Kingdom.

The Company is a subsidiary of Tata Motors Limited, India and acts as an intermediate holding company for the Jaguar Land Rover business. The principal activity during the year was the design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars and four-wheel-drive off-road vehicles.

These consolidated financial statements have been prepared in Pound Sterling (GBP) and rounded to the nearest million GBP (£ million) unless otherwise stated. Results for the year ended and as at 31 March 2017 have been disclosed solely for the information of the users.

2 Accounting policies

STATEMENT OF COMPLIANCE

These consolidated and parent company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) interpretations as adopted by the European Union (EU) and the requirements of the United Kingdom Companies Act 2006 applicable to companies reporting under IFRS.

The Company has taken advantage of section 408 of the Companies Act 2006 and, therefore, the separate financial statements of the Company do not include the income statement or the statement of comprehensive income of the Company on a stand-alone basis.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below. The balance sheet and accompanying notes as at 31 March 2017 have been disclosed solely for the information of the users.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which the directors consider to be appropriate for the following reasons.

The directors have assessed the financial position of the Group as at 31 March 2019 (net assets of £5,979 million (2018: £9,984 million, 2017: £6,581 million)) and the projected cash flows and financial performance of the Group for the period to 31 March 2021. After consideration of a reasonably possible downside scenario (a reduction in forecast sales volumes of 10 per cent) as well as a no-deal Brexit scenario, the Company forecasts sufficient funds to meet its liabilities as they fall due throughout the assessment period even if no new funding is sought.

Therefore, the directors consider, after making appropriate enquiries and taking into consideration the risks and uncertainties facing the Group, that the Group has adequate resources to continue in operation as a going concern for the foreseeable future and is able to meet its obligations linked to the borrowings in place. Accordingly, the directors continue to adopt the going concern basis in preparing these consolidated and parent company financial statements.

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include Jaguar Land Rover Automotive plc and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account, as well as other contractual arrangements that may influence control. All subsidiaries of the Group given in note 42 to the parent company financial statements are included in the consolidated financial statements.

Intercompany transactions and balances including unrealised profits are eliminated in full on consolidation.

2 Accounting policies *(continued)*

Joint ventures and associates (equity accounted investments)
Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for decisions about the relevant activities of the entity, being those activities that significantly affect the Group's returns. Associates are those entities in which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee and is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of the investee.

Joint ventures and associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses, other comprehensive income and equity movements of equity accounted investments, from the date that joint control or significant influence commences until the date that joint control or significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

When the Group transacts with a joint venture or associate of the Group, profits and losses are eliminated to the extent of the Group's interest in its joint venture or associate.

Dividends received are recognised when the right to receive payment is established.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Those that are significant to the Group are discussed separately below.

Notes 17 and 18 provide further details of the exceptional impairment charge recognised in the year ended 31 March 2019, including disclosing additional sensitivities performed.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue recognition: Vehicle revenue, as the primary source of income for the Group, is recognised when control of the vehicle passes to the customer, which the Group has assessed is when the vehicle is either despatched or held on behalf of the customer but depends on the underlying terms of the customer contract. Control of an asset refers to having the ability to direct the use of the asset and obtain substantially all of the remaining economic benefit.

The transfer of control depends on the consideration of a number of facts and circumstances surrounding the relevant transaction, such as the transfer of risks and rewards of ownership, transfer of legal title, transfer of physical possession, customer acceptance and whether or not an entity has a present right to payment. The Group determines the transfer of control with reference to those factors, thus ultimately driving revenue recognition.

In some instances, the Group recognises revenue on a bill-and-hold basis where control of the vehicle has been transferred to the customer but physical possession is retained by the Group (for example, within a vehicle holding compound) until a future point in time. Revenue is recognised on the meeting of bill-and-hold criteria, which are considered to be met as the reason for the bill-and-hold is substantive (as the customer requests JLR to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line) and the Group does not have the ability to use the vehicle or direct it elsewhere.

Assessment of cash-generating units: The Group has determined that there is one cash-generating unit. This is on the basis that there are no smaller groups of assets that can be identified with certainty that generate specific cash inflows that are independent of the inflows generated by other assets or groups of assets. Refer to note 18.

Alternative performance measures (APMs): Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive APMs that provide additional useful information on the underlying trends. Refer to note 3.

2 Accounting policies *(continued)*

Capitalisation of product engineering costs: The Group undertakes significant levels of research and development activity, and for each vehicle programme a periodic review is undertaken. The Group applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied and estimates the proportion of central overhead allocated. If a later point had been used then this would have had the impact of reducing the amounts capitalised as product engineering costs. If central overheads had not been allocated it would have reduced the amount capitalised by £146 million.

Deferred tax asset recognition: The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ESTIMATES AND ASSUMPTIONS

The areas where assumptions and estimates are significant to the financial statements are as described below. 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. Significant estimates are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year. Other estimates are those that may affect carrying amounts in the longer term.

SIGNIFICANT ESTIMATES

Impairment of intangible and tangible fixed assets: The Group tests annually whether indefinite lived intangible fixed assets have suffered any impairment. The recoverable amount of the cash-generating unit is based on the higher of value in use and the fair value less cost of disposal. Value in use is calculated from cash flow projections generally over five years using data from the Group's latest internal forecasts and extrapolated beyond five years using estimated long-term growth rates. Key assumptions and sensitivities for impairment are disclosed in note 18. The Group has considered it appropriate to include additional sensitivities for the year ended 31 March 2019 for further transparency.

Retirement benefit obligation: The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for pensions include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of post-employment benefit obligations. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 32.

OTHER ESTIMATES

Product warranties: The Group provides product warranties on all new vehicle sales. Provisions are generally recognised when vehicles are sold or when new warranty programmes are initiated. Based on historical warranty claim experience, assumptions have to be made on the type and extent of future warranty claims and customer goodwill (representing the Group's constructive obligation to its customers when managing those warranty claims), as well as on possible recall campaigns. These assessments are based on experience of the frequency and extent of vehicle faults and defects in the past. In addition, the estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits. The provisions are regularly adjusted to reflect new information. Refer to note 27.

The Group also has back-to-back contractual arrangements with its suppliers in the event that a vehicle fault is proven to be a supplier's fault. Estimates are made of the expected reimbursement claims based upon historical levels of recoveries by supplier, adjusted for inflation and applied to the population of vehicles under warranty at the balance sheet date. Supplier reimbursement claims are presented as separate assets in note 16.

Investment in equity accounted investees: At each balance sheet date or when there are indicators of impairment, the Group assesses whether there is any objective evidence that the carrying value of equity accounted investments may be impaired. As a result of the slowdown in the Chinese automotive market, at 31 March 2019, the Group's investment in Chery Jaguar Land Rover Automotive Company Ltd. was tested for impairment in accordance with IAS 36 by comparing the carrying value of the investment to its recoverable amount. The recoverable amount is dependent on a wide range of assumptions, including sales volume forecasts, operating margin, capital expenditure and discount rate.

2 Accounting policies *(continued)*

These assumptions are primarily based on a combination of the investment's historical performance, the Group's latest internal forecasts and market data on the expectation for the Chinese automotive market. The estimated recoverable amount of the investment is higher than the carrying value. If the assumptions do not materialise, in whole or in part, these will impact the entity's expected future cash flows and may result in a future impairment. The Group used a discount rate of 10.8 per cent in the value in use calculation. A discount rate of 11.5 per cent would result in a value in use equal to the carrying amount of the investment.

The carrying values of equity accounted investments are disclosed in note 15.

Variable marketing expense: The Group offers sales incentives in the form of variable marketing expense to customers, which vary depending on the timing and customer of any subsequent sale of the vehicle. This sales incentive is accounted for as a revenue reduction and is constrained to a level that is highly probable not to reverse the amount of revenue recognised when any associated uncertainty is subsequently resolved. The Group estimates the expected sales incentive by market and considers uncertainties including competitor pricing, ageing of dealer stock and local market conditions. The constraint on variable consideration is estimated with reference to historical accuracy, the current position of market conditions and a future-looking assessment considering relevant geopolitical factors.

Uncertain tax provisions: Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax. Measurement is dependent on management's expectations of the outcome of decisions by tax authorities in the various tax jurisdictions in which the Group operates. This is assessed on a case-by-case basis using in-house experts, professional firms and previous experience. Where no provision is required the exposure is disclosed as a contingent liability in note 33 unless the likelihood of an outflow of economic benefits is remote.

REVENUE RECOGNITION

Revenue comprises the consideration earned by the Group in respect of the output of its ordinary activities. It is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of settlement discounts, bonuses, rebates and sales incentives. The Group considers its primary customers from the sale of vehicles, parts and accessories (its primary revenue-generating streams) are generally retailers, fleet and corporate customers, and other third-party distributors. The Group recognises revenue when it transfers control of a good or service to a customer, thus evidencing the satisfaction of the associated performance obligation under that contract.

As described in note 37, the Group operates with a single automotive reporting segment, principally generating revenue from the sales of vehicles, parts and accessories.

The sale of vehicles also can include additional services provided to the customer at the point of sale, for which the individual vehicle and services are accounted for as separate performance obligations, as they are considered separately identifiable. The contract transaction price is allocated among the identified performance obligations based on their stand-alone selling prices. Where the stand-alone selling price is not readily available and observable, it is estimated using an appropriate alternative approach.

2 Accounting policies *(continued)*

Significant revenue areas	Nature, timing of satisfaction of performance obligations and significant payment terms
Vehicles, parts and accessories (and other goods)	The Group recognises revenue on the sale of vehicles, parts and accessories at the point of “wholesale”, which is determined by the underlying terms and conditions of the contract with the customer as to when control transfers to them. The overall principle of control under IFRS 15 considers which party has the ability to direct the use of an asset and to obtain substantially all of the remaining economic benefits. Determining the transfer of control with regards to the sale of goods is driven by a consideration of a number of factors, including: • The point at which the risks and rewards of ownership pass to the customer; • The point at which the customer takes physical possession of the good or product; • The point at which the customer accepts the good or product; • The point at which the Group has a present right to payment for the sale of the good or product; and • The point at which legal title to the good or product transfers to the customer. In the vast majority of cases, the sale of the relevant good is recognised at the point of dispatch (at release to the carrier responsible for transportation to the customer) or the point of delivery to the customer, which coincides with the invoicing point. In some instances, revenue may be recognised on a bill-and-hold basis where vehicles, for example, are sold to the customer but are retained in the Group's possession at a vehicle holding compound on behalf of the customer ahead of being physically transferred to them at a future time. Such arrangements meet the criteria for bill-and-hold arrangements under IFRS 15 to ensure that the customer has obtained the ultimate control of the product when revenue is recognised. The reason for the bill-and-hold is substantive (as the customer requests JLR to retain possession, usually due to a lack of available space at their own premises), the vehicles are identifiable as separately belonging to the customer (on the basis that each vehicle has a unique Vehicle Identification Number), the vehicle must be ready for physical transfer to the customer (which it is, given that it is fully built and safety-checked off the manufacturing line) and the Group does not have the ability to use the vehicle or direct it elsewhere. The Group operates with financing partners across the world that provide wholesale financing arrangements to the retail network for vehicle sales, which enables cash settlement to occur immediately (usually within two working days) for purchases from the Group. For the sale of parts and accessories, the Group typically receives payment in line with the invoice payment terms stipulated and agreed with its customers, which are usually 30 days.
Sales incentives	In accordance with IFRS 15, the costs associated with providing sales support and incentives (variable marketing expense) are considered to be variable components of consideration, thus reducing the amount of revenue recognised by the Group. Under IFRS 15, the Group ensures that variable consideration is recognised to the extent of the amount to which it ultimately expects to be entitled. To meet this principle, the Group constrains its estimate of variable consideration to include amounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with such variability is subsequently resolved. The Group considers that the variable consideration received for contracts with multiple performance obligations is allocated to all such obligations only when applicable. In the vast majority of instances, the Group considers that variable components of consideration are allocated only to the relevant and applicable performance obligations. For example, with the sale of a vehicle, the cost of the incentive provided is allocated entirely to the vehicle as its purpose is to incentivise the sale of the vehicle.
Scheduled maintenance contracts	Scheduled maintenance contracts sold with a vehicle provide the end customer with the benefit of bringing their vehicle to a dealership for the routine maintenance required to maintain compliance for warranty purposes. These are considered a separate performance obligation of the Group. The Group typically receives payment relating to the scheduled maintenance contract at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which is measured using a cost-plus approach. The Group recognises revenue for scheduled maintenance contracts based on the expected performance of the services over the period from the point of a vehicle being retailed to an end customer and aligning to the expected costs to fulfil those services.

2 Accounting policies *(continued)*

Significant revenue areas	Nature, timing of satisfaction of performance obligations and significant payment terms
Telematics	Telematics features provide a service to the customer typically aligned to the warranty period of the vehicle, allowing for the ability to connect the vehicle with, and interact via, an end customer's mobile phone. These are considered a separate performance obligation of the Group. The Group typically receives payment relating to telematics features up-front at the same time as the proceeds from the vehicle sale, at which point the amount is recognised as a contract liability based on the stand-alone selling price, which for optional features is measured at the applicable purchase price and for standard-fit features is measured using a cost-plus basis. The Group recognises revenue on a straight-line basis over the term of the service from the point of the vehicle being retailed to an end customer in line with the expected costs to fulfil those services.
Warranty considerations as a service	Vehicles and parts sold by the Group include a standard warranty to guarantee the vehicle complies with agreed-upon specifications for a defined period of time. Where the warranty offering to the end customer exceeds the standard market expectation for similar products, or is considered to provide a service to the end customer in excess of simply providing assurance that the agreed-upon specification is met, the Group consider the additional warranty to constitute a service to the end customer and therefore a separate performance obligation. Revenue is only recognised in the period to which the warranty service relates, up to which point it is recognised as a contract liability.
Repurchase arrangements	Some contracts with customers include an option or obligation for the Group to repurchase the product sold (including repurchasing a product originally sold as part of an amended product). Such instances are common in the Group's arrangements with third-party fleet customers or in contract manufacturing arrangements that the Group is party to, for example. The Group does not recognise revenue on the original sale, as in such cases it is considered to retain ultimate control of that product. The related inventory therefore continues to be recognised on the Group's consolidated balance sheet and the consideration received from the customer is treated as a liability. Nuances in the accounting treatment occur depending on whether the contractual repurchase price is less than, more than or equal to the original sale price, and this ultimately results in the arrangement being treated as a lease or a financing arrangement. If considered to be a lease arrangement, where the repurchase price is lower than the original sale price, the difference between the proceeds received and the repurchase amount is recognised as income over the contractual term on a straight-line basis. Revenue recognised under such arrangements is outside of the scope of IFRS 15 and instead is recognised in line with IAS 17 *Leases*. Revenue is recognised only when the relevant good or product is sold by the Group with no repurchase obligation or option attached.
Returns obligations, refunds and similar obligations	Vehicle sales do not typically include allowances for returns or refunds, although in some markets there is legislative requirement for Jaguar Land Rover as an automotive manufacturer to repurchase or reacquire a vehicle if quality issues arise that have been remedied a number of times and where the owner no longer wishes to own the vehicle as a result. With regards to the sale of other goods, where rights of return may be prevalent, the Group estimates the level of returns based on the historical data for specific products, adjusted as necessary to estimate returns for new products. In line with the requirements of IFRS 15, a sale is not recognised for expected returns, and instead the Group recognises a refund liability and asset where required.
Non-cash consideration	In some instances, the Group engages in transactions that involve non-cash consideration, where a customer provides consideration in a form other than cash. This is most often demonstrated in marketing and sponsorship arrangements that the Group enters into, with an exchange of goods and/or services with its customers. Such non-cash consideration is measured at its fair value, which is determined by assessing the selling price value of the goods or services received as consideration. If this cannot be reasonably estimated, then the Group measures such consideration indirectly with reference to the stand-alone selling price of the goods or services promised to the customer.

COST RECOGNITION

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

Expenditures are capitalised, where appropriate, in accordance with the policy for internally generated intangible assets and represent employee costs, stores and other manufacturing supplies, and other expenses incurred for product development undertaken by the Group.

2 Accounting policies *(continued)*

Material and other cost of sales as reported in the consolidated income statement is presented net of the impact of realised foreign exchange relating to derivatives hedging cost exposures.

GOVERNMENT GRANTS AND INCENTIVES

Government grants are recognised when there is reasonable assurance that the Group will comply with the relevant conditions and the grant will be received.

Government grants are recognised in the consolidated income statement, either on a systematic basis when the Group recognises, as expenses, the related costs that the grants are intended to compensate or, immediately, if the costs have already been incurred.

Government grants related to assets are deducted from the cost of the asset and amortised over the useful life of the asset. Government grants related to income are presented as an offset against the related expenditure, and government grants that are awarded as incentives with no ongoing performance obligations to the Group are recognised as other income in the period in which the grant is received.

Sales tax incentives received from governments are recognised in the consolidated income statement at the reduced tax rate, and revenue is reported net of these sales tax incentives.

FOREIGN CURRENCY

The Company has a functional currency of GBP. The presentation currency of the consolidated financial statements is GBP.

Except where noted below, the directors of the Company have determined that the functional currency of the UK and non-UK selling operations is GBP, being the primary economic environment that influences these operations. This is on the basis that the directors assess control as being in the UK and that GBP is the currency that primarily determines sales prices and is the main currency for the retention of operating income. The functional currency of Chery Jaguar Land Rover Automotive Company Ltd., the Group's principal joint venture, is Chinese Yuan (CNY). The functional currency of Jaguar Land Rover Slovakia s.r.o, Jaguar Land Rover Classic Deutschland GmbH and Jaguar Land Rover Ireland (Services) Limited is Euro, the functional currency of Jaguar Land Rover India is INR, the functional currency of Jaguar Land Rover Classic USA LLC is USD and the functional currency of Jaguar Land Rover Hungary KFT is HUF.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognised in the consolidated income statement as "Foreign exchange (loss)/gain and fair value adjustments".

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (non-GBP functional currency) are translated at exchange rates prevailing on the balance sheet date.

Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

INCOME TAXES

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

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

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

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

2 Accounting policies *(continued)*

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

EXCEPTIONAL ITEMS

Exceptional items are disclosed separately in the consolidated income statement and excluded from adjusted EBIT and adjusted EBITDA measures to enhance the reader's understanding of the performance of the Group by excluding items that would otherwise distort reporting of the Group's performance due to their size or nature.

The following are included in the Group's assessment of exceptional items:

- An impairment charge of £3,105 million for the year ended 31 March 2019 following an impairment exercise undertaken in accordance with IAS 36;
- Restructuring costs of £149 million relating to a Group-wide voluntary redundancy programme announced and carried out during the year ended 31 March 2019;
- Past service costs and past service credits arising from amendments to the Group's defined benefit pension plans; and
- The impact of the explosion at the port of Tianjin (China) in August 2015, including reassessments of the provision against the carrying value of inventory and recoveries of taxes, duties and insurance proceeds in subsequent years.

Further details of exceptional items are given in note 4.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Land is not depreciated.

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

Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

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

Class of property, plant and equipment	Estimated useful life years
Buildings	20 to 40
Plant, equipment and leased assets	3 to 30
Vehicles	3 to 10
Computers	3 to 6
Fixtures and fittings	3 to 20

The depreciation for property, plant and equipment with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Freehold land is measured at cost and is not depreciated. Residual values are reassessed on an annual basis.

Depreciation is not recorded on assets under construction until construction and installation are complete and the asset is ready for its intended use. Assets under construction include capital advances. Depreciation is not recorded on heritage assets as the Group considers their residual value to approximate their cost.

INTANGIBLE ASSETS

Acquired intangible assets

Intangible assets purchased, including those acquired in business combinations, are measured at acquisition cost, which is the fair value on the date of acquisition, where applicable, less accumulated amortisation and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

2 Accounting policies *(continued)*

For intangible assets with finite lives, amortisation is charged on a straight-line basis over the estimated useful lives of the acquired intangible assets as per the estimated amortisation periods below:

Class of intangible asset	Estimated amortisation period years
Software	2 to 8
Patents and technological know-how	2 to 12
Customer-related – dealer network	20
Intellectual property rights and other intangibles	3 to indefinite

The amortisation for intangible assets with finite useful lives is reviewed at least at each year end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital work-in-progress includes capital advances. Customer-related intangibles acquired in a business combination consist of dealer networks. Intellectual property rights and other intangibles mainly consist of brand names, which are considered to have indefinite lives due to the longevity of the brands.

Internally generated intangible assets

Research costs are charged to the consolidated income statement in the year in which they are incurred.

Product engineering costs incurred on new vehicle platforms, engines, transmission and new products are recognised as intangible assets – when feasibility has been established, the Group has committed technical, financial and other resources to complete the development and it is probable that the asset will generate future economic benefits.

The costs capitalised include the cost of materials, direct labour and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Interest cost incurred is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

Product engineering cost is amortised over the life of the related product, being a period of between two and ten years.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment loss, if any.

Amortisation is not recorded on product engineering in progress until development is complete.

IMPAIRMENT

Property, plant and equipment and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, or earlier if there is an indication that the asset may be impaired.

The estimated recoverable amount is the higher of value in use and fair value less costs of disposal. 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 (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

An annual review of the carrying value of heritage assets is performed as the assets are held at cost and not depreciated and any write-down in the carrying value is recognised immediately in the consolidated income statement.

2 Accounting policies *(continued)*

Equity accounted investments: Joint ventures and associates
The requirements of IAS 36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture or an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments with an original maturity of up to three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs of raw materials and consumables are ascertained on a first-in, first-out basis. Costs, including fixed and variable production overheads, are allocated to work-in-progress and finished goods, determined on a full absorption cost basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Group and are amortised in changes in stocks and work-in-progress to their residual values (i.e. estimated second-hand sale value) over the term of the arrangement.

PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are held for product warranty, legal and product liabilities, residual risks, restructuring and environmental risks as detailed in note 27 to the consolidated financial statements.

Supplier reimbursements are recognised as separate assets within "Other financial assets". See note 16.

LONG-TERM INCENTIVE PLAN ("LTIP")

The Group operated a share-based payment LTIP arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant date and the share price of Tata Motors Limited at the vesting date, subject to profitability and employment conditions. These are accounted for as cash-settled arrangements, whereby a liability is recognised at fair value at the date of grant, using the Black-Scholes model. At each balance sheet date, until the liability is settled, the fair value of the liability is remeasured, with any corresponding changes in fair value recognised in the consolidated income statement.

LEASES

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the contractual terms and substance of the lease arrangement.

Assets taken on finance lease
A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease
Leases other than finance leases are operating leases, and the leased assets are not recognised on the Group's consolidated balance sheet. Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease in "Other expenses".

The impact on the Group's accounting policies for leases under IFRS 16 for the year ended 31 March 2020 is given on page 129.

2 Accounting policies *(continued)*

EMPLOYEE BENEFITS

Pension schemes
The Group operates several defined benefit pension schemes; the UK defined benefit schemes were previously contracted out of the second state pension scheme until 5 April 2016. The assets of the plans are generally held in separate trustee-administered funds. The plans provide for a monthly pension after retirement based on salary and service as set out in the rules of each scheme.

Contributions to the plans by the Group take into consideration the results of actuarial valuations. The plans with a surplus position at the balance sheet date have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or reduction in future contributions. Where the subsidiary group is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognised.

The UK defined benefit schemes were closed to new joiners in April 2010.

For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial revaluations being carried out at the end of each reporting period.

Defined benefit costs are split into three categories:

- Current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest cost; and
- Remeasurement.

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on scheme assets (excluding interest) is recognised immediately in the consolidated balance sheet with a charge or credit to the consolidated statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled.

Past service cost, including curtailment gains and losses, is generally recognised in profit or loss in the period of scheme amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability.

The Group presents these defined benefit costs within "Employee costs" in the consolidated income statement (see note 7).

Separate defined contribution schemes are available to all other employees of the Group. Costs in respect of these schemes are charged to the consolidated income statement as incurred.

Post-retirement Medicare scheme
Under this unfunded scheme, employees of some subsidiaries receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Group as part of an early separation scheme, on medical grounds or due to permanent disablement, are also covered under the scheme. The applicable subsidiaries (and therefore, the Group) account for the liability for the post-retirement medical scheme based on an annual actuarial valuation.

Actuarial gains and losses
Actuarial gains and losses relating to retirement benefit plans are recognised in the consolidated statement of comprehensive income in the year in which they arise. Actuarial gains and losses relating to long-term employee benefits are recognised in the consolidated income statement in the year in which they arise.

Measurement date
The measurement date of all retirement plans is 31 March.

FINANCIAL INSTRUMENTS

Recognition and derecognition
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset,

2 Accounting policies *(continued)*

the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity (if any) is transferred to the consolidated income statement unless it was an equity instrument electively held at fair value through other comprehensive income. In this case, any cumulative gain or loss in equity is transferred to retained earnings.

Financial assets are written off when there is no reasonable expectation of recovery. The Group reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities.

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

Initial measurement
Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Transaction costs of financial instruments carried at fair value through profit or loss are expensed in profit or loss.

Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and measurement – financial assets
Classification of financial assets is based on the business model in which the instruments are held as well as the characteristics of their contractual cash flows. The business model is based on management's intentions and past pattern of transactions. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial assets are classified into three categories:

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows. Subsequently, these are measured at amortised cost using the effective interest method less impairment losses, if any. These include cash and cash equivalents, contract assets, finance receivables and other financial assets.

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of payments of principal and interest and which are held with the intention of collecting those contractual cash flows as well as to sell the financial asset. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in other comprehensive income apart from any expected credit losses or foreign exchange gains or losses, which are recognised in profit or loss. This category can also include financial assets that are equity instruments which have been irrevocably designated at initial recognition as fair value through other comprehensive income. For these assets, there is no expected credit loss recognised in profit or loss.

Financial assets at fair value through profit or loss are financial assets with contractual cash flows that do not consist solely of payments of principal and interest. This category includes derivatives, embedded derivatives separated from the host contract and investments in certain convertible loan notes. Subsequently, these are measured at fair value, with unrealised gains or losses being recognised in profit or loss, with the exception of derivative instruments designated in a hedging relationship, for which hedge accounting is applied.

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

Other financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss include derivatives and embedded derivatives separated from the host contract as well as financial liabilities held for trading. Subsequent to initial recognition, these are measured at fair value with gains or losses being recognised in profit or loss.

Embedded derivatives relating to prepayment options on senior notes are not considered as closely related and are separately accounted unless the exercise price of these options is approximately equal on each exercise date to either the amortised cost of the senior notes or the present value of the lost interest for the remaining term of the senior notes.

2 Accounting policies *(continued)*

Impairment
The Group recognises a loss allowance in profit or loss for expected credit losses on financial assets held at amortised cost or at fair value through other comprehensive income. Expected credit losses are forward looking and are measured in a way that is unbiased and represents a probability-weighted amount, takes into account the time value of money (values are discounted back using the applicable effective interest rate) and uses reasonable and supportable information.

Lifetime expected credit losses are calculated for assets that were deemed credit impaired at initial recognition or have subsequently become credit impaired as well as those where credit risk has increased significantly since initial recognition.

The Group adopts the simplified approach permitted in IFRS 9 to apply lifetime expected credit losses to trade receivables and contract assets, thereby eliminating the need to assess changes in credit risk for those assets. Where credit risk is deemed low at the reporting date or to have not increased significantly, credit losses for the next 12 months are calculated.

Objective evidence for a significant increase in credit risk may include where payment is overdue by 90 or more days as well as other information about significant financial difficulties of the borrower.

Credit risk has increased significantly when the probability of default has increased significantly. Such increases are relative and assessment may include external ratings (where available) or other information such as past due payments. Historic data and forward-looking information are both considered.

Equity instruments
An equity instrument is any contract that evidences residual interests in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Investments in equity instruments are measured at fair value; however, where a quoted market price in an active market is not available, equity instruments are measured at cost (investments in equity instruments that are not held for trading). The Group has not elected to account for these investments at fair value through other comprehensive income.

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

Hedge accounting
The Group uses foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates these foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency in a cash flow hedging relationship by applying hedge accounting principles under IFRS 9.

The Group uses cross-currency interest rate swaps to convert some of its issued debt from foreign denominated fixed-rate debt to GBP floating-rate debt. Hedge accounting is applied using both fair value and cash flow hedging relationships. The designated risks are foreign currency and interest rate risks.

Derivative contracts are stated at fair value on the consolidated balance sheet at each reporting date.

At inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedging transactions.

The Group designates only the intrinsic value of foreign exchange options in the hedging relationship. The Group designates amounts excluding foreign currency basis spread in the hedging relationship for both foreign exchange forward contracts and cross-currency interest rate swaps.

Changes in the fair value of the derivative contracts that are designated and effective as hedges of future cash flows are recognised in the cash flow hedge reserve within other comprehensive income (net of tax), and any ineffective portion is recognised immediately in the consolidated income statement.

2 Accounting policies *(continued)*

Changes in both the time value of foreign exchange options and foreign currency basis spread of foreign exchange forwards and cross-currency interest rate swaps are recognised in other comprehensive income (net of tax) in the cost of hedging reserve to the extent that they relate to the hedged item (the "aligned" value).

Changes in the fair value of contracts that are designated in a fair value hedge are taken to the consolidated income statement. They offset the change in fair value, attributable to the hedged risks, of the borrowings designated as the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecast transactions affect profit or loss or as an adjustment to a non-financial item (e.g. inventory) when that item is recognised on the balance sheet. These deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of goods sold).

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss in equity, including deferred costs of hedging, is immediately transferred and recognised in the consolidated income statement.

Accounting policies applied until 31 March 2018
The Group has applied IFRS 9 from 1 April 2018. The Group has noted that there is not a material impact on the financial statements for the classification and measurement of financial instruments. As a result, the comparative information provided in the 2018 and 2017 Annual Reports continues to be accounted for in accordance with the Group's previous accounting policy for classification and measurement of financial instruments.

NEW ACCOUNTING POLICY PRONOUNCEMENTS

(a) Standards, revisions and amendments to standards and interpretations significant to the Jaguar Land Rover Group and applied for the first time in the fiscal year ending 31 March 2019

IFRS 9 *Financial Instruments* addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces a new impairment model for financial assets and new rules for hedge accounting.

The Group has undertaken an assessment of classification and measurement on transition and has not identified a material impact on the financial statements given that equity investments that are not equity accounted are valued at fair value through profit or loss. The impact on the categorisation of financial assets and liabilities within scope of IFRS 9 is summarised below:

	IAS 39 Category	IFRS 9 Category	IAS 39 carrying amount (31 March 2018) £ million	IFRS 9 carrying amount (31 March 2018) £ million
Financial assets				
Other investments	Fair value through profit and loss	Fair value through profit and loss – mandatorily measured	28	28
Trade receivables	Loans and receivables	Amortised cost	1,612	1,612
Cash and cash equivalents	Loans and receivables	Amortised cost	2,626	2,626
Short-term deposits and other investments	Held to maturity	Amortised cost	36	36
Short-term deposits and other investments	Loans and receivables	Amortised cost	1,995	1,995
Restricted cash	Loans and receivables	Amortised cost	18	18
Derivative financial instruments	Fair value through profit and loss	Fair value through profit and loss – mandatorily measured	550	550
Accrued income	Loans and receivables	Amortised cost	35	35
Other	Loans and receivables	Amortised cost	91	91
Financial liabilities				
Accounts payable	Other financial liabilities	Amortised cost	7,614	7,614
Borrowings	Other financial liabilities	Amortised cost	3,712	3,712
Interest accrued	Other financial liabilities	Amortised cost	32	32
Derivative financial instruments	Fair value through profit and loss	Fair value through profit and loss – mandatorily measured	925	925
Other	Other financial liabilities	Amortised cost	15	15

2 Accounting policies *(continued)*

The Group has undertaken an assessment of the impairment provisions, especially with regard to trade receivables, and has applied the simplified approach under the standard. For all principal markets, the Group operates with major financial institutions that take on the principal risks of sales to customers, and consequently the Group receives full payment for these receivables in 0–30 days. Therefore the Group has concluded that there is no material impact under the standard for remeasurement of impairment provisions, and no transition adjustments have been made.

The Group has undertaken an assessment of its hedge relationships and has concluded that the Group's current hedge relationships qualified as continuing hedges upon the adoption of IFRS 9. The Group has identified a change with respect to the treatment of the cost of hedging, specifically the time value of the foreign exchange options and foreign currency basis spread included in the foreign exchange forwards and cross-currency interest rate swaps. The time value of foreign exchange options and the foreign currency basis spread included in the foreign exchange forwards and cross-currency interest rate swaps is now recorded in a separate component of the statement of other comprehensive income. Amounts accumulated in equity for hedges of non-financial items will now be recognised as an adjustment to that non-financial item (i.e. inventory) when recorded on the consolidated balance sheet, and this adjustment has been made on a prospective basis from 1 April 2018. As such, the Group had a £27 million reduction in net assets on transition to IFRS 9.

As required under the transition rules of IFRS 9, comparative periods have been restated only for the retrospective application of the cost of hedging approach for the time value of the foreign exchange options and also the Group's voluntary application of foreign currency basis spread included in the foreign exchange forwards and cross-currency interest rate swaps as a cost of hedging. Accordingly, the information presented for prior periods is not wholly comparable to the information presented for the current year.

Further, under the published change issued by the IASB in February 2018 regarding the modification of financial liabilities, an additional charge of £5 million has been recognised for the financial year ended 31 March 2018, representing the loss recognised on the modification of the Group's undrawn revolving credit facility.

Impact of retrospective application
The following tables show the impact on the consolidated income statement and consolidated statement of comprehensive income/(expense) for the years ended 31 March 2018 and 31 March 2017 and on the consolidated balance sheet as at 31 March 2018. There were no changes to the consolidated balance sheet as at 31 March 2017.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March	2018 as previously reported £m	Restatement £m	2018 restated £m	2017 as previously reported £m	Restatement £m	2017 restated £m
Foreign exchange gain/(loss) and fair value adjustments	48	(19)	29	(216)	(37)	(253)
Finance expense (net)	(80)	(5)	(85)	(68)	–	(68)
Other income statement captions	1,568	–	1,568	1,894	–	1,894
Profit before tax	**1,536**	**(24)**	**1,512**	**1,610**	**(37)**	**1,573**
Income tax expense	(403)	5	(398)	(338)	7	(331)
Profit for the year	**1,133**	**(19)**	**1,114**	**1,272**	**(30)**	**1,242**

2 Accounting policies *(continued)*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

Year ended 31 March	2018 as previously reported £m	Restatement £m	2018 restated £m	2017 as previously reported £m	Restatement £m	2017 restated £m
Profit for the year	1,133	(19)	1,114	1,272	(30)	1,242
Total items that will not be reclassified subsequently to profit or loss	457	–	457	(752)	–	(752)
Items that may be reclassified subsequently to profit or loss:						
Gain/(loss) on cash flow hedges (net)	2,423	19	2,442	(1,766)	37	(1,729)
Currency translation differences	(4)	–	(4)	34	–	34
Income tax related to items that may be reclassified	(458)	(4)	(462)	329	(7)	322
	1,961	**15**	**1,976**	**(1,403)**	**30**	**(1,373)**
Other comprehensive income/(expense) net of tax	**2,418**	**15**	**2,433**	**(2,155)**	**30**	**(2,125)**
Total comprehensive income/(expense) attributable to shareholders	**3,551**	**(4)**	**3,547**	**(883)**	**–**	**(883)**

CONSOLIDATED BALANCE SHEET

Year ended 31 March	2018 as previously reported £m	Restatement £m	2018 restated £m
Assets			
Other non-current assets	87	(5)	82
Other asset captions	26,693	–	26,693
Total assets	**26,780**	**(5)**	**26,775**
Liabilities			
Deferred tax liabilities	584	(1)	583
Other liability captions	16,208	–	16,208
Total liabilities	**16,792**	**(1)**	**16,791**
Equity attributable to shareholders			
Other reserves	8,312	(4)	8,308
Other equity captions	1,676	–	1,676
Total equity	**9,988**	**(4)**	**9,984**
Total liabilities and equity	**26,780**	**(5)**	**26,775**

Impact on Company financial statements

The £5 million loss recognised on the modification of the Group's undrawn revolving credit facility during the year ended 31 March 2018 is also applicable to the Company financial statements. A corresponding adjustment has been recorded to the deferred finance income recognised on intercompany loans to a subsidiary company.

The impact on the Company balance sheet of this restatement is shown below. The transition to IFRS 9 has no impact on profit after tax or the net assets of the Company in any comparative year.

2 Accounting policies *(continued)*

COMPANY BALANCE SHEET

Year ended 31 March	2018 as previously reported £m	Restatement £m	2018 restated £m
Assets			
Other non-current assets	6	(5)	1
Other asset captions	5,972	–	5,972
Total assets	**5,978**	**(5)**	**5,973**
Liabilities			
Deferred finance income	29	(5)	24
Other liability captions	3,610	–	3,610
Total liabilities	**3,639**	**(5)**	**3,634**
Total equity	2,339	**–**	2,339
Total liabilities and equity	**5,978**	**(5)**	**5,973**

IFRS 15 *Revenue from Contracts with Customers* was adopted by the Jaguar Land Rover Group with a date of initial application of 1 April 2018. The new standard replaces the requirements under IAS 18 *Revenue* and IAS 11 *Construction Contracts*, as well as the related interpretations. The primary purpose of the new standard is to specify a set of consistently applicable underlying revenue recognition principles across all sectors, industries and types of arrangements. As a result, the Group has amended its accounting policy for revenue recognition as described on the following pages and in note 5.

In accordance with the transitional provisions of the standard, the Group has applied IFRS 15 on the modified retrospective basis. This allows the Group to recognise the cumulative effect of applying the new standard at the date of application with no restatement of the comparative periods, which remain under the previously existing accounting principles. However, in using this method, the Group is required to present the current fiscal year's financial statements on a line-by-line basis under both IFRS 15 and the previously existing accounting principles to demonstrate the impact of applying the new standard.

As a result, the Group has recognised a £5 million reduction in net assets on transition to IFRS 15. The impact on the opening consolidated balance sheet for the year ended 31 March 2019 is given in the table below.

	Opening balance £m	Adjustment on initial application of IFRS 15 £m	Adjusted opening balance £m
Other current liabilities	547	6	553
Other non-current liabilities	454	14	468
Provisions (current)	758	(4)	754
Provisions (non-current)	1,055	(11)	1,044
Other reserves	8,308	(5)	8,303

IFRS 15 describes a comprehensive, logical five-step model for determining revenue recognition, including the amount and timing upon which revenue is recognised. It requires the Group:

1. To identify the contract with a customer;
2. To identify the related performance obligations and distinct promises made by the Group to the customer within the contract;
3. To determine the transaction price, representing the amount of consideration that the Group expects to be entitled to under the contract;
4. To allocate that contractual transaction price to each performance obligation on a stand-alone selling price basis (or a valid, reasonable alternative if the stand-alone selling price is not available); and
5. To recognise revenue at a point in time or over time depending on the satisfaction of each performance obligation. This coincides with when the underlying control of a good or service is transferred to the customer.

The implementation of IFRS 15 has no impact on the timing of revenue recognition associated to the sale of the physical vehicles, parts and accessories, being the Group's core revenue-generating streams, and ultimately remains in a manner consistent with prior years.

2 Accounting policies *(continued)*

The Group considers that the primary impact of IFRS 15 on the accounting treatment for its operations is as follows:

- **Sales with multiple performance obligations:** Previously, the Group accounted for separately identifiable components of sales in accordance with IAS 18. Under IFRS 15, the Group considers additional performance obligations that are required to be accounted for appropriately on a stand-alone selling price basis, for example, additional obligations of the Group when selling vehicles to its customers, including transportation.

  This has further resulted in considerations of whether the Group is a principal or an agent in fulfilling these performance obligations, given the focus on whether or not it controls the good or service being transferred to the customer. As a principal, the Group itself considers that it is ultimately responsible for fulfilling that obligation to the customer, and as an agent, the Group considers that it arranges for an obligation on behalf of its customer. The difference in accounting treatment is to present revenues and costs on a gross basis as a principal and on a net basis as an agent. The impact of this for the year ending 31 March 2019 is a reclassification of £330 million of costs from “Other expenses” to “Revenue”.
- **Consideration payable to customers:** The Group supports its global retail network (being customers of the Group) through various marketing, training and development initiatives. This results in disbursements made either directly to its customers or to third parties on behalf of its customers. The Group has considered whether a distinct service that can be fair valued is received in exchange for making such disbursements, in which case an expense continues to be recognised as under the previous accounting policy. If not, then such amounts are treated as reductions to revenue as part of the overall customer relationship, as they ultimately reduce the amount of consideration that the Group is entitled to as part of the customer contract. The impact of this for the year ending 31 March 2019 is a reclassification of £85 million of costs from “Other expenses” to “Revenue”.
- **Classification of “Revenue” versus “Other income”:** Previously the Group’s policy was to recognise non-core Group income within “Other income” in the financial statements. Under IFRS 15, the Group has reassessed its income streams with regard to their scope under the standard. As a result, the Group now records income within “Revenue” that was previously recognised within “Other income” (primarily being royalty income and other retailer-related income). This arises from the interpretation of the definition of “Revenue” within IFRS 15, particularly focusing on what is considered an output of the “ordinary activities” of the JLR Group. The impact of this for the year ending 31 March 2019 is a reclassification of £112 million from “Other income” to ‘Revenue”.
- **Estimation considerations:** IFRS 15 requires the Group to consider the application of its revenue recognition principles and to ensure that revenue is depicted in a way that reflects the amount of consideration that it expects to be entitled to. With reference to the estimation of variable consideration, JLR has enhanced its approach to ensure that revenue is constrained appropriately such that it is not highly probable that a significant reversal in the amount of revenue recognised will occur when any related uncertainty is subsequently resolved.
- **Warranty:** Previously, the Group accounted for all warranty as a cost provision in accordance with IAS 37. Under IFRS 15, the Group has assessed whether the warranty provided includes a service element (i.e. going beyond simply providing an assurance that a good continues to meet its agreed-upon specification) and accounts for these services as performance obligations associated with the sale of the vehicle. The Group now accounts for a proportion of service-type obligations as a contract liability on a stand-alone selling price basis instead of as a warranty provision. This contract liability will be unwound over the period the services are available and provided to the customer. The associated costs are expensed as incurred. The impact of this for the year ending 31 March 2019 is an overall reduction in net assets of £5 million, with a corresponding reclassification between the warranty provision (at a cost value) and contract liabilities (at a cost-plus-margin value).

The following table summarise the impacts of adopting IFRS 15 on the Group’s consolidated financial statements in conjunction with the above explanation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2019	Balances without adoption of IFRS 15 £m	Effect of change £m	As reported £m
Revenue	24,517	(303)	24,214
Other expenses	(5,982)	415	(5,567)
Other income	317	(112)	205

The Group has applied IFRS 15 from 1 April 2018 using the modified retrospective method, meaning that comparative information for the years ending 31 March 2018 and 31 March 2017 has not been restated. As a result, the comparative information provided for those fiscal periods continues to be accounted for in accordance with the Group’s previous revenue recognition accounting policies under IAS 18 *Revenue*.

2 Accounting policies *(continued)*

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* is effective for accounting periods commencing on or after 1 January 2018 and addresses the treatment of payments made in advance or consideration received in advance for transactions denominated in a foreign currency transactions. Where a corresponding non-monetary asset or liability is recognised, the exchange rate prevailing at the date of transaction should prevail. If there are multiple payments or advance receipts, a date of transaction is established for each payment or receipt. This situation is relevant to the Group and the nature of its operations, but the application of this interpretation does not have a material impact to the Group.

The amendment to **IFRS 2 *Share-Based Payments*** is effective for accounting periods beginning on or after 1 January 2018. It clarifies how to account for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The amendment in relation to accounting for cash-settled share-based payment transactions when a performance condition is in place is intended to give further guidance in applying the standard. The Group is currently in compliance with those clarifications. The remaining amendments to the standard are not applicable to the Group’s operations at this time.

(b) Financial reporting pronouncements, issued by the IASB and endorsed by the EU, that are considered significant to the Jaguar Land Rover Group but are not yet adopted:

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

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

The Group is applying the modified retrospective approach on transition, under which the comparative financial statements will not be restated. The cumulative impact of the first-time application of IFRS 16 is recognised as an adjustment to opening equity at 1 April 2019.

The Company has elected to use the following practical expedients permitted by the standard:

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

The financial impact assessment made by the Group is preliminary as not all transaction work requirements have been finalised. As at the date of initial application, it is expected that the impact on net assets will not be material.

IFRIC 23 *Uncertainty over Income Tax Treatments* is effective for accounting periods commencing on or after 1 January 2019. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The application of IFRIC 23 is not considered to have a material impact on the Group’s profitability, liquidity and capital resources or financial position as the existing accounting policy applied by the Group is consistent with IFRIC 23.

2 Accounting policies *(continued)*

(c) Financial reporting pronouncements issued by the IASB but not yet endorsed by the EU and/or not yet effective and so not yet adopted by the Group:

IFRS 17 *Insurance Contracts* will replace IFRS 4, the existing accounting standard for insurance contracts, with an effective date for accounting periods commencing on or after 1 January 2021. However, this has not yet been adopted for use in the EU.

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. The requirements are designed to achieve the goal of a consistent principle-base accounting for insurance contracts. The new standard is not expected to have a material impact on the Group at this time, as certain "insurance-type" offerings common to the automotive industry (such as vehicle warranties issued by Jaguar Land Rover as an original equipment manufacturer) are treated outside of the scope of IFRS 17, instead under alternative standards such as IFRS 15 *Revenue from Contracts with Customers* and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. A formal impact assessment of IFRS 17 will be performed prior to the effective date and adoption of the standard by the Group. While early application of IFRS 17 is permitted, the Group does not plan to do so.

Amendments to **IAS 19 *Employee Benefits*** were announced to clarify the accounting for plan amendments, curtailments and settlements and are effective for accounting periods commencing on or after 1 January 2019. If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group continues to evaluate the impact of adopting the amendments.

Other standards and interpretations that have been approved but not discussed above are not considered to have a material impact on the Group consolidated financial statements, and therefore no specific disclosure has been made.

3 Alternative performance measures

In reporting financial information, the Group presents alternative performance measures ("APMs") that are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information on the performance of the business.

The APMs used within this Annual Report are defined below.

Alternative performance measure	Definition
Adjusted EBITDA	Adjusted EBITDA is defined as profit before income tax expense, exceptional items, finance expense (net of capitalised interest), finance income, gains/losses on unrealised derivatives and debt, gains/losses on realised derivatives entered into for the purpose of hedging debt, unrealised fair value gains/losses on equity investments, share of profit/loss from equity accounted investments, depreciation and amortisation.
Adjusted EBIT	Adjusted EBIT is defined as for adjusted EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation.
Loss/profit before tax and exceptional items	Loss/profit before tax excluding exceptional items.
Free cash flow	Net cash generated from operating activities less net cash used in investing activities (excluding movements in short-term deposits) and after finance expenses and fees and payments of lease obligations. Free cash flow also includes foreign exchange gains/losses on short-term deposits and cash and cash equivalents.
Total product and other investment	Cash used in the purchase of property, plant and equipment, intangible assets, investments in subsidiaries, equity accounted investments and other trading investments and expensed research and development costs.
Operating cash flow before investment	Free cash flow before financing excluding total product and other investment.
Working capital	Changes in assets and liabilities as presented in note 38 on page 174. This comprises movements in assets and liabilities excluding movements relating to financing or investing cash flows or non-cash items that are not included in adjusted EBIT or adjusted EBITDA.
Retail sales	Jaguar Land Rover retail sales represent vehicle sales made by dealers to end customers and include the sale of vehicles produced by our Chinese joint venture, Chery Jaguar Land Rover Automotive Company Ltd.
Wholesales	Wholesales represent vehicle sales made to dealers. The Group recognises revenue on wholesales.

3 Alternative performance measures *(continued)*

The Group uses adjusted EBITDA as an APM to review and measure the underlying profitability of the Group on an ongoing basis for comparability as it recognises that increased capital expenditure year on year will lead to a corresponding increase in depreciation and amortisation expense recognised within the consolidated income statement.

The Group uses adjusted EBIT as an APM to review and measure the underlying profitability of the Group on an ongoing basis as this excludes volatility on unrealised foreign exchange transactions. Due to the significant level of debt and currency derivatives held, unrealised foreign exchange can distort the financial performance of the Group from one period to another.

During the year ended 31 March 2019, the definitions of adjusted EBIT and adjusted EBITDA were amended to exclude unrealised fair value gains and losses on equity investments. The Group considers the amended APM to better measure underlying profitability of the Group as it aligns the presentation of unrealised gains and losses on financial instruments in the form of equity investments with other financial instruments. Adjusted EBIT for the year ended 31 March 2018 prior to the change was £974 million. Adjusted EBITDA for the year ended 31 March 2018 prior to the change was £2,797 million. Adjusted EBIT and adjusted EBITDA are unchanged for the year ended 31 March 2017.

Free cash flow is considered by the Group to be a key measure in assessing and understanding the total operating performance of the Group and to identify underlying trends.

Total product and other investment is considered by the Group to be a key measure in assessing cash invested in the development of future new models and infrastructure supporting the growth of the Group.

Operating cash flow before investment is used as a measure of the operating performance and cash available to the Group before the direct cash impact of investment decisions.

Working capital is considered by the Group to be a key measure in assessing short-term assets and liabilities that are expected to be converted into cash within the next 12-month period.

Exceptional items are defined in note 4.

Reconciliations between these alternative performance measures and statutory reported measures are shown below.

ADJUSTED EBIT AND ADJUSTED EBITDA

Year ended 31 March	Note	2019 £m	2018 restated* £m	2017 restated* £m
Adjusted EBITDA		**1,981**	**2,794**	**2,942**
Depreciation and amortisation	13	(2,164)	(2,075)	(1,656)
Share of profit of equity accounted investments	15	3	252	159
Adjusted EBIT		**(180)**	**971**	**1,445**
Foreign exchange (loss)/gain on derivatives	13	(31)	74	(31)
Unrealised (loss)/gain on commodities	13	(34)	(2)	148
Foreign exchange (loss)/gain and fair value adjustments on loans	13	(45)	69	(101)
Foreign exchange (loss)/gain on economic hedges of loans	13	(18)	11	(4)
Finance income	12	35	33	33
Finance expense (net)	12	(111)	(85)	(68)
Fair value gain on equity investment	13	26	3	–
(Loss)/profit before tax and exceptional items		**(358)**	**1,074**	**1,422**
Exceptional items	4	(3,271)	438	151
(Loss)/profit before tax		**(3,629)**	**1,512**	**1,573**

* See note 2 for details of the restatement due to changes in accounting policies.

RETAIL AND WHOLESALES

	2019 units	2018 units	2017 units
Retail sales	578,915	614,309	604,009
Wholesales	507,895	545,298	534,746

The difference between retail and wholesales represents sales made by our Chinese joint venture (2019: 57,428, 2018: 88,212, 2017: 66,060) and timing differences.

3 Alternative performance measures *(continued)*

FREE CASH FLOW

Year ended 31 March	Note	2019 £m	2018 £m	2017 £m
Net cash generated from operating activities		2,253	2,958	3,160
Net cash used in investing activities		(2,278)	(3,222)	(4,317)
Net cash used in operating and investing activities		**(25)**	**(264)**	**(1,157)**
Finance expenses and fees paid		(210)	(158)	(150)
Payments of finance lease obligations	38	(2)	(4)	(4)
Adjustments for:				
Movements in short-term deposits		(1,074)	(523)	1,300
Foreign exchange gain/(loss) on short-term deposits	38	71	(55)	57
Foreign exchange (loss)/gain on cash and cash equivalents		(27)	(41)	95
Free cash flow		**(1,267)**	**(1,045)**	**141**

TOTAL PRODUCT AND OTHER INVESTMENT

Year ended 31 March	Note	2019 £m	2018 £m	2017 £m
Purchases of property, plant and equipment		1,590	2,135	1,584
Net cash outflow relating to intangible asset expenditure		1,785	1,614	1,473
Research and development expensed	11	421	406	368
Investment in equity accounted investees		–	–	12
Purchases of other investments		14	25	1
Acquisition of subsidiary		–	6	–
Total product and other investment		**3,810**	**4,186**	**3,438**

4 Exceptional items

The exceptional items recognised in the year ended 31 March 2019 comprise:

- An impairment charge of £3,105 million for the year ended 31 March 2019 following an impairment exercise undertaken in accordance with IAS 36. Further details are given in note 18;
- Restructuring costs of £149 million relating to a Group restructuring programme announced and carried out during the year ended 31 March 2019; and
- A past service cost of £17 million following a High Court ruling in October 2018 that pension schemes are required to equalise male and female members' benefits for the inequalities within guaranteed minimum pension ("GMP") earned between 17 May 1990 and 5 April 1997. The Group historically made no assumptions for GMP and therefore considered the change to be a plan amendment. Further details are given in note 32.

The exceptional items recognised in the year ended 31 March 2018 comprise:

- £1 million of import duties recovered in relation to vehicles damaged in the Tianjin explosion; and
- A past service credit of £437 million following an amendment to the defined benefit pension schemes' rules that, among other changes, meant that future retirement benefits would be calculated each year and revalued until retirement in line with a prescribed rate rather than based upon a member's final salary at retirement. Further details are given in note 32.

The exceptional items recognised in the year ended 31 March 2017 comprise:

- £151 million of recoveries in respect of stored vehicles damaged in the Tianjin explosion and including amounts received for insurance, taxes and saleable vehicles. In addition, a further £35 million of insurance and vehicle recoveries were recognised in the year ended 31 March 2017 related to additional costs of £35 million incurred in the year ended 31 March 2017 that were associated with Tianjin, including lost and discounted vehicle revenue.

4 Exceptional items *(continued)*

The tables below set out the exceptional items recorded in the years ended 31 March 2019, 2018 and 2017 and the impact on the consolidated income statement if these items were not disclosed separately as exceptional items.

Year ended 31 March 2019	Note	Employee costs £m	Other expenses £m
Excluding exceptional items		**2,820**	**5,567**
Impairment	17, 18	–	3,105
Restructuring costs		144	5
Pension past service cost	32	17	–
Including exceptional items		**2,981**	**8,677**

Year ended 31 March 2018	Note	Material and other cost of sales £m	Employee costs £m
Excluding exceptional items		**16,328**	**2,722**
Pension past service credit	32	–	(437)
Tianjin		(1)	–
Including exceptional items		**16,327**	**2,285**

Year ended 31 March 2017	Material and other cost of sales £m
Excluding exceptional items	**15,071**
Tianjin	(151)
Including exceptional items	**14,920**

Included in "Income tax credit/(expense)" in the consolidated income statement for the year ended 31 March 2019 is a credit in respect of exceptional items of £278 million (2018: charge of £78 million, 2017: charge of £46 million).

5 Revenue

The Group's revenues are summarised as follows:

Year ended 31 March	2019 £m	2018 £m	2017 £m
Revenue recognised for sales of vehicles, parts and accessories	23,885	25,985	24,615
Revenue recognised for services transferred	249	168	99
Revenue – other	950	1,022	945
Total revenue excluding realised revenue hedges	**25,084**	**27,175**	**25,659**
Realised revenue hedges	(870)	(1,389)	(1,320)
Total revenue	**24,214**	**25,786**	**24,339**

"Revenue – other" includes sales of goods other than vehicles, parts and accessories as well as revenue recognised outside the scope of IFRS 15, primarily being lease instalments recognised from assets sold with a repurchase commitment.

Revenue disaggregation

The following table presents the Group's revenue, disaggregated by primary geographical market, timing of revenue recognition and major product categories. All revenue is generated from the Group's single automotive operating segment.

Year ended 31 March 2019	UK £m	US £m	China £m	Rest of Europe £m	Rest of World £m	Total revenue £m
Revenue recognised for sales of vehicles, parts and accessories	4,293	5,826	3,557	5,359	4,850	23,885
Revenue recognised for services transferred	23	67	97	8	54	249
Revenue – other	912	29	10	(12)	11	950
Total revenue excluding realised revenue hedges	**5,228**	**5,922**	**3,664**	**5,355**	**4,915**	**25,084**
Realised revenue hedges	–	(437)	(352)	–	(81)	(870)
Total revenue	**5,228**	**5,485**	**3,312**	**5,355**	**4,834**	**24,214**

5 Revenue *(continued)*

Contract liabilities

Year ended 31 March	2019 £m
Ongoing service obligations	805
Liabilities for advances received	86
Total contract liabilities	**891**

Revenue that is expected to be recognised within five years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to £891 million at 31 March 2019.

"Ongoing service obligations" mainly relate to long-term service and maintenance contracts, extended warranties and telematics services. "Liabilities for advances received" primarily relate to consideration received in advance from customers for products not yet wholesaled, at which point the revenue will be recognised. "Ongoing service obligations" and "Liabilities for advances received" are both presented within "Other liabilities" in the consolidated balance sheet.

The Group applies the practical expedient in IFRS 15.121 and does not disclose information about remaining performance obligations that have an original expected duration of one year or less. This is because revenue resulting from those sales will be recognised in a short-term period. The services included with the vehicle sale are to be recognised as revenues in subsequent years but represent an insignificant portion of expected revenues in comparison.

The movement in contract liabilities relates solely to revenue recognised from balances held at the beginning of the year of £288 million and increases due to cash received for performance obligations unsatisfied at the year end of £457 million.

6 Material and other cost of sales

Year ended 31 March	2019 £m	2018 £m	2017 £m
Changes in inventories of finished goods and work-in-progress	188	(327)	(754)
Purchase of products for sale	1,181	1,237	1,144
Raw materials and consumables used	14,448	15,600	14,772
Realised purchase hedges	(147)	(182)	(91)
Total material and other cost of sales	**15,670**	**16,328**	**15,071**

7 Employee numbers and costs

Year ended 31 March	2019 £m	2018 £m	2017 £m
Wages and salaries – employee costs	1,909	1,798	1,666
Wages and salaries – agency costs	286	270	249
Total wages and salaries	**2,195**	**2,068**	**1,915**
Social security costs and benefits	354	328	294
Pension costs	271	326	281
Total employee costs	**2,820**	**2,722**	**2,490**

Average employee numbers for the year ended 31 March 2019	Non-agency	Agency	Total
Manufacturing	19,213	1,998	21,211
Research and development	8,307	2,414	10,721
Other	11,063	1,106	12,169
Total employee numbers	**38,583**	**5,518**	**44,101**

7 Employee numbers and costs *(continued)*

Average employee numbers for the year ended 31 March 2018	Non-agency	Agency	Total
Manufacturing	18,628	2,909	21,537
Research and development	7,216	2,934	10,150
Other	8,689	1,411	10,100
Total employee numbers	**34,533**	**7,254**	**41,787**

Average employee numbers for the year ended 31 March 2017	Non-agency	Agency	Total
Manufacturing	18,988	2,770	21,758
Research and development	6,632	2,803	9,435
Other	7,430	1,070	8,500
Total employee numbers	**33,050**	**6,643**	**39,693**

8 Directors' emoluments

Year ended 31 March	2019 £	2018 £	2017 £
Directors' emoluments	3,187,356	3,825,382	3,957,673
(Decrease)/increase of long-term incentive scheme amounts receivable	(98,010)	(14,128)	537,445
Post-employment benefits	520,763	393,673	873,214

The aggregate of emoluments received in the year and amounts accrued under the long-term incentive plan ("LTIP") of the highest-paid director was £2,946,676 (2018: £3,709,532, 2017: £4,393,459), together with a cash allowance in lieu of pension benefits of £520,763 (2018: £393,673, 2017: £873,214). During the year, the value of LTIP awards accrued has decreased by £98,010 (2018: decrease of £14,128, 2017: increase of £537,445), which will become payable in future periods.

There were no directors who were members of a defined benefit pension scheme or a defined contribution scheme during the years ended 31 March 2019, 2018 and 2017.

LTIP cash payments received by directors during the year ended 31 March 2019 were £623,090 (2018: £nil, 2017: £nil).

9 Long-Term Incentive Plan ("LTIP")

During the year ended 31 March 2016, the Group issued the final share-based payment LTIP arrangement based on the share price of Tata Motors Limited. The scheme provided a cash payment to the employee based on a specific number of phantom shares at the grant date and the share price of Tata Motors Limited at the vesting date. The cash payment was dependent upon continued employment for the duration of the three-year vesting period. The final cash payment in respect of the share-based payment LTIP was made during the year ended 31 March 2019.

Year ended 31 March	2019 number	2018 number	2017 number
Outstanding at the beginning of the year	1,929,391	4,115,221	6,032,857
Granted during the year	–	–	974
Vested in the year	(1,764,566)	(1,918,331)	(1,665,663)
Forfeited in the year	(164,825)	(267,499)	(252,947)
Outstanding at the end of the year	**–**	**1,929,391**	**4,115,221**

The weighted average share price of the 1,764,566 phantom shares vested in the year was £3.20 (2018: £4.33, 2017: £4.75).

The weighted average remaining contractual life of the outstanding phantom shares is nil years (2018: 0.3 years, 2017: 0.8 years).

No phantom shares were exercisable as at 31 March 2019 (2018, 2017: no shares).

During the year ended 31 March 2019, £1 million was recognised as a credit to "Employee costs" in relation to the share-based payment LTIP (2018: credit of £1 million, 2017: charge of £8 million).

The fair value of the balance sheet liability in respect of phantom stock awards outstanding at the year end was £nil (2018: £7 million, 2017: £16 million) and is included in "Provisions".

9 Long-Term Incentive Plan ("LTIP") *(continued)*

The fair value of the awards was calculated using the Black-Scholes model at the grant date. The fair value was updated at each reporting date as the awards are accounted for as cash-settled under IFRS 2. The inputs into the model are based on Tata Motors Limited historical data and the risk-free rate is calculated using government bond rates. The significant inputs used are as follows:

As at 31 March	2019	2018	2017
Risk-free rate	n/a	0.87%	0.18%
Dividend yield	n/a	0.00%	0.04%
Weighted average fair value per phantom share	n/a	£3.32	£4.69

During the year ended 31 March 2017, the Group announced a new LTIP to replace the previous share-based payment LTIP. The new LTIP, effective from June 2016, provides a cash payment to certain employees based on the Group's performance against long-term business metrics related to performance and strategic priorities (over a period of three years). This new LTIP benefit scheme has been accounted for in accordance with IAS 19 *Employee Benefits*.

10 Other expenses

Year ended 31 March	Note	2019 £m	2018 £m	2017 £m
Stores, spare parts and tools		193	177	197
Freight cost		653	1,037	925
Works, operations and other costs		2,577	2,676	2,321
Repairs		38	48	44
Power and fuel		101	81	71
Rent, rates and other taxes		90	87	64
Insurance		25	27	34
Write-down of property, plant and equipment	17	18	18	12
Write-down of intangible assets	18	–	46	–
Product warranty		1,016	698	823
Publicity		856	951	885
Total other expenses		**5,567**	**5,846**	**5,376**

11 Research and development

Year ended 31 March	2019 £m	2018 £m	2017 £m
Total research and development costs incurred	1,997	2,016	1,794
Research and development expensed	(421)	(406)	(368)
Engineering costs capitalised	**1,576**	**1,610**	**1,426**
Interest capitalised in engineering costs capitalised	99	88	89
Research and development grants capitalised	(96)	(105)	(89)
Total internally developed intangible additions	**1,579**	**1,593**	**1,426**

Engineering costs capitalised of £1,576 million (2018: £1,610 million, 2017: £1,426 million) comprises £672 million (2018: £556 million, 2017: £507 million) included in "Employee costs" and £904 million (2018: £1,054 million, 2017: £919 million) included in "Other expenses" in the consolidated income statement.

During the year ended 31 March 2019, £135 million (2018: £147 million, 2017: £125 million) was recognised by a UK subsidiary as a Research and Development Expenditure Credit ("RDEC") incentive on qualifying expenditure. During the year ended 31 March 2019, £91 million (2018: £102 million, 2017: £87 million) of the RDEC – the proportion relating to capitalised product development expenditure and other intangible assets – has been offset against the cost of the respective assets. The remaining £44 million (2018: £45 million, 2017: £38 million) of the RDEC has been recognised as "Other income".

12 Finance income and expense

Year ended 31 March	2019 £m	2018 restated* £m	2017 £m
Finance income	35	33	33
Total finance income	**35**	**33**	**33**
Total interest expense on financial liabilities measured at amortised cost	(206)	(172)	(146)
Interest income on derivatives designated as a fair value hedge of financial liabilities	4	3	–
Unwind of discount on provisions	(26)	(20)	(19)
Interest capitalised	117	104	97
Total finance expense (net)	**(111)**	**(85)**	**(68)**

* See note 2 for details of the restatement due to changes in accounting policies.

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 4.1 per cent (2018: 4.1 per cent, 2017: 4.3 per cent).

During the year ended 31 March 2019, the Group repaid one tranche of debt (see note 25). No redemption premium was incurred.

During the year ended 31 March 2017, the Group repaid one tranche of debt (see note 25) and as a result a redemption premium of £2 million was incurred and included in "Finance expense (net)".

13 (Loss)/profit before tax

Expense/(income) in (loss)/profit before tax includes the following:

Year ended 31 March	2019 £m	2018 restated* £m	2017 restated* £m
Foreign exchange loss/(gain) and fair value adjustments on loans	45	(69)	101
Foreign exchange loss/(gain) on economic hedges of loans	18	(11)	4
Foreign exchange loss/(gain) on derivatives	31	(74)	31
Unrealised loss/(gain) on commodities	34	2	(148)
Fair value gain on equity investments	(26)	(3)	–
Depreciation of property, plant and equipment	1,078	1,011	787
Amortisation of intangible assets (excluding internally generated development costs)	119	122	100
Amortisation of internally generated development costs	967	942	769
Operating lease rentals in respect of plant, property and equipment	92	92	75
Loss on disposal of property, plant, equipment and software	59	22	15
Exceptional items	3,271	(438)	(151)
Auditor remuneration (see below)	5	4	5

* See note 2 for details of the restatement due to changes in accounting policies.

During the year ended 31 March 2019, £12 million (2018: £56 million, 2017: £64 million) was received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial offset to the higher sales taxes payable following implementation of new legislation in the year ended 31 March 2014. During the year ended 31 March 2019, £12 million (2018: £56 million, 2017: £64 million) has been recognised in "Revenue".

During the year ended 31 March 2019, £10 million (2018: £87 million, 2017: £4 million) was recognised in "Other income" by a foreign subsidiary as an incentive for continuing trading in that country for the foreseeable future. This includes amounts received as cash in the year and amounts that the subsidiary is due to receive and for which there are no ongoing financial or operating conditions attached.

13 (Loss)/profit before tax *(continued)*

The following table sets out the auditor remuneration for the year (rounded to the nearest £0.1 million):

Year ended 31 March	2019 £m	2018 £m	2017 £m
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	0.1	0.1	0.1
Fees payable to the Company's auditor and its associates for other services:			
Audit of the Company's subsidiaries (included in 2018: £0.1 million payable to Deloitte)	4.4	3.4	4.2
Total audit fees	**4.5**	**3.5**	**4.3**
Audit-related assurance services (included in 2018: £0.3 million payable to Deloitte)	0.8	0.8	–
Other assurance services	0.1	–	1.0
Total non-audit fees	**0.9**	**0.8**	**1.0**
Total audit and related fees	**5.4**	**4.3**	**5.3**

14 Taxation

JAGUAR LAND ROVER'S APPROACH TO TAX

Introduction

JLR's business has grown significantly in recent years and continues to do so. JLR's operations are large and complex and, as a result, the Group operates through multiple companies, with activities, employees and assets located in numerous countries around the world. This, in turn, naturally drives an inherent level of complexity in the Group's tax affairs.

In relation to tax matters, just as for any other area of the Group's business, JLR always strives to be a good, responsible corporate citizen, and JLR is committed to complying with all applicable tax laws, both in letter and in spirit. We aim to be fair, honest, transparent and ethical in our conduct and for everything we do to stand the test of public scrutiny.

Jaguar Land Rover's key tax principles

In 2013, the JLR plc Board formally adopted six key principles in relation to JLR's approach to taxation matters and the conduct of our tax affairs. These principles continue to apply today; they apply equally to all companies within the Group, across all areas of our business activity and in all our territories of operation.

JLR will conduct its tax affairs in a way that:

1. Is compliant with all legal and regulatory obligations and which adheres to the principles set out in the JLR Code of Conduct and Tata Code of Conduct;
2. Is aligned with the Group's overall business strategy and growth objectives;
3. Proactively seeks to enhance shareholder value and optimise tax cost on a sustainable basis;
4. Is governed, managed and controlled within an appropriate risk management framework;
5. Is appropriately resourced and seeks to maximise operating efficiencies through the suitable use of automation and technology-based solutions; and
6. Maintains good, open, honest and professional working relationships with tax authorities globally and seeks to take a leading role in relation to matters of governmental tax policy relevant to JLR.

Each principle is commented on further below:

1. **Tax compliance**
   This is considered the most fundamental and important of our six principles. JLR will always seek to comply with all applicable tax laws, both in terms of the letter and the spirit of the law, and to satisfy its global tax compliance obligations in a timely and accurate manner.

   In addition, we adhere to the JLR Code of Conduct and the Tata Code of Conduct, which set out the high ethical standards of business behaviour expected from all companies and employees within our Group.

14 Taxation *(continued)*

2. **Business alignment**
   JLR always aligns its tax affairs with the genuine business activities being undertaken by the organisation. We do not engage in any form of tax avoidance or artificial tax structuring and we do not operate or use any offshore tax havens. All JLR Group subsidiaries are located in countries where the business has significant physical and economic operations (i.e. employees, offices and revenue-generating activity).

3. **Enhancing shareholder value**
   As a commercial organisation, JLR will always seek to effectively manage its tax liabilities, just as for any other business cost. In so doing, we always adhere to relevant tax laws and, in relation to transactions within the Group, we always seek to ensure that these are conducted on an arm's-length basis in accordance with Organisation for Economic Co-operation and Development (OECD) principles.

   Where governments or fiscal authorities have introduced particular tax reliefs, credits, incentives or exemptions to encourage specific types of economic activity (for example, investment in research and development), we will always seek to ensure that JLR claims the appropriate level of benefit for which it qualifies.

4. **Governance and risk management**
   Tax risks arising within the Group are identified, assessed and managed by the central Tax function on an ongoing basis. A detailed tax update is taken to the JLR plc Board on an annual basis and tax risks are reported quarterly to the Financial Risk and Assurance Committee, chaired by the Chief Financial Officer. The JLR Tax Director also meets with the Chief Financial Officer on a biweekly basis to provide updates on all tax matters affecting the Group.

   JLR actively seeks to minimise risk in relation to tax matters. We do this through a variety of processes and controls including, for example, tax risk assessments and health-check exercises for subsidiaries, online monitoring of compliance processes and an active Advance Pricing Agreement programme.

5. **Tax resource**
   Responsibility for the day-to-day management of JLR's tax affairs rests with our central Tax function, led by the JLR Tax Director. The function comprises an appropriate blend of tax professionals with the necessary qualifications, training, skills and experience required to effectively undertake their roles. The Tax function also advises the JLR plc Board in relation to setting Group tax strategy and policy.

   In addition to the central Tax function, the business also has dedicated tax professionals embedded within the finance teams in key non-UK subsidiaries.

   Where appropriate, we look to implement technology-based solutions to streamline processes, drive efficiency and manage risk.

6. **Relationships with governments and authorities**
   In our dealings with tax authorities globally, including HMRC in the UK, we always look to maintain good, open, honest and professional working relationships, to engage proactively in relation to tax matters and to resolve any areas of dispute or differences of opinion as quickly as possible in order to reduce uncertainty and manage risk.

   We also actively engage in dialogue with governments, either directly or through appropriate representative bodies, in relation to matters of tax policy that affect our business.

AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

Year ended 31 March	2019 £m	2018 restated* £m	2017 restated* £m
Current tax expense			
Current year	141	295	301
Adjustments for prior years	40	52	22
Current tax expense	**181**	**347**	**323**
Deferred tax (credit)/expense			
Origination and reversal of temporary differences	(246)	64	108
Adjustments for prior years	(48)	(76)	(34)
Write-down of deferred tax asset	(245)	–	–
Rate changes	50	63	(66)
Deferred tax (credit)/expense	**(489)**	**51**	**8**
Total income tax (credit)/expense	**(308)**	**398**	**331**

14 Taxation *(continued)*

AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

Year ended 31 March	2019 £m	2018 restated* £m	2017 restated* £m
Deferred tax (credit)/expense on actuarial gains on retirement benefits	(52)	104	(179)
Deferred tax (credit)/expense on change in fair value of cash flow hedges	(19)	464	(346)
Deferred tax expense/(credit) on rate changes	14	(17)	60
	(57)	**551**	**(465)**
Total tax (credit)/expense	**(365)**	**949**	**(134)**

RECONCILIATION OF EFFECTIVE TAX RATE

Year ended 31 March	2019 £m	2018 restated* £m	2017 restated* £m
(Loss)/profit for the year	(3,321)	1,114	1,242
Total income tax (credit)/expense	(308)	398	331
(Loss)/profit before tax	**(3,629)**	**1,512**	**1,573**
Income tax (credit)/expense using the tax rates applicable to individual entities of 18.3% (2018: 23.1%, 2017: 21.2%)	(664)	350	333
Impact of UK Patent Box claims	–	–	–
Non-deductible expenses	62	22	37
Unrecognised tax assets/deferred tax assets written off	245	5	21
Changes in tax rates	50	63	(66)
Overseas unremitted earnings	8	30	50
Tax on share of profit of equity accounted investments	(1)	(48)	(32)
Over provided in prior years	(8)	(24)	(12)
Total income tax (credit)/expense	**(308)**	**398**	**331**

* See note 2 for details of the restatement due to changes in accounting policies.

Included within “Non-deductible expenses” for the year ended 31 March 2019 is a £53 million charge for the impact of the impairment recorded in the year on non-tax-deductible property, plant and equipment and intangible assets.

Included within “Over provided in prior years” for the year ended 31 March 2018 is £24 million credit relating to revisions of prior year estimates of tax positions to bring them into line with the currently filed tax positions. Included within “Changes in tax rates” is a £54 million charge for the impact of the change in the US Federal rate from 35 per cent to 21 per cent on deferred tax assets.

Included within “Over provided in prior years” for the year ended 31 March 2017 is £21 million credit relating to revisions of prior year estimates of tax positions in various jurisdictions, principally the UK, to bring them into line with the latest estimates and currently filed tax positions. This is offset by £11 million relating to uncertain tax positions arising in relation to normal ongoing assessments of tax positions globally.

IMPACT OF FUTURE RATE CHANGES

The UK Finance Act 2016 was enacted during the year ended 31 March 2017, which included provisions for a reduction in the UK corporation tax rate to 17 per cent with effect from 1 April 2020.

Accordingly, UK deferred tax has been provided at a blended rate of 17.6 per cent on assets (2018: 17.8 per cent, 2017: 18.4 per cent) and 17.4 per cent on liabilities (2018: 17.6 per cent, 2017: 17.6 per cent), recognising the applicable tax rate at the point when the timing difference is expected to reverse.

15 Investments

Investments consist of the following:

As at 31 March	2019 £m	2018 £m	2017 £m
Equity accounted investments	477	488	474
Other investments	69	28	1
Total investments	**546**	**516**	**475**

The Group has the following equity accounted investments as at 31 March 2019:

Name of investment	Proportion of voting rights	Principal place of business and country of incorporation	Principal activity	Registered office address
Chery Jaguar Land Rover Automotive Company Ltd.	50.0%	China	Manufacture and assembly of vehicles	Room 1102, Binjiang, International Plaza, No 88 Tonggang Road, Changshu Economic and Technical Development Zone, Suzhou City, Jiangsu Province, China
Jaguar Cars Finance Limited	49.9%	England and Wales	Non-trading	280 Bishopsgate, London, EC2M 4RB, England
Synaptiv Limited	33.3%	England and Wales	Business and domestic software development	84 Kirkland Avenue, Ilford, Essex, England, IG5 0TN
CloudCar Inc.	33.3%	USA	Automotive software development	2191 E Bayshore Rd 200 Palo Alto, CA 94303 USA
Driveclubservice Pte. Ltd.	25.1%	Singapore	Holding company and mobility application owner/licensor	22 Sin Ming Lane, #06-76, Midview City, Singapore 573969
Driveclub Limited	25.8%	Hong Kong	Vehicle leasing	Unit A, 9/F, D2 Place ONE, Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong
ARC Vehicle Limited	29.2%	England and Wales	Manufacture and development of electrified vehicles	The Priory Barn, Priory Road, Wolston, Coventry, United Kingdom, CV8 3FX

Except for CloudCar Inc. and Driveclub Limited, the proportion of voting rights disclosed in the table above is the same as the Group’s interest in the ordinary share capital of each undertaking.

Individually material joint ventures

Chery Jaguar Land Rover Automotive Company Ltd. is a limited liability company whose legal form confirms separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts or circumstances that indicate that the parties to the joint control of the arrangement have rights to the assets or obligations for the liabilities relating to the arrangement. Accordingly, Chery Jaguar Land Rover Automotive Company Ltd. is classified as a joint venture. Chery Jaguar Land Rover Automotive Company Ltd. is not publicly listed.

During the year ended 31 March 2019, a dividend of £22 million was received from Chery Jaguar Land Rover Automotive Company Ltd. (2018: £206 million, 2017: £68 million).

15 Investments (continued)

The following table sets out the summarised financial information of the Group's individually material joint venture, Chery Jaguar Land Rover Automotive Company Ltd., after adjusting for material differences in accounting policies:

As at 31 March	2019 £m	2018 £m	2017 £m
Current assets	748	892	940
Current liabilities	(1,103)	(1,076)	(934)
Non-current assets	1,439	1,324	1,094
Non-current liabilities	(122)	(154)	(176)
Equity attributable to shareholders	**962**	**986**	**924**
Revenue	**1,697**	**2,773**	**2,163**
Profit for the year	13	504	312
Total comprehensive income	**13**	**504**	**312**

Included within the summarised financial information above are the following amounts:

As at 31 March	2019 £m	2018 £m	2017 £m
Cash and cash equivalents	316	439	621
Other current assets	432	453	320
Current financial liabilities (excluding trade and other payables and provisions)	(279)	(42)	–
Non-current financial liabilities (excluding trade and other payables and provisions)	(122)	(152)	(175)
Depreciation and amortisation	(206)	(139)	(105)
Interest income	12	27	11
Interest expense	(14)	(7)	(8)
Income tax (expense)	(6)	(136)	(103)

Individually immaterial joint ventures

Spark44 (JV) Limited has been consolidated as a subsidiary from 31 August 2017.

On 31 August 2017, Jaguar Land Rover Limited acquired a further 10,000 "B" shares in Spark44 (JV) Limited, increasing its share of the voting rights of Spark44 (JV) Limited from 50 per cent to 50.5 per cent. In addition, Spark44 (JV) Limited's Articles of Association together with the Shareholder Agreement were amended to give Jaguar Land Rover Limited control of Spark44 (JV) Limited as the majority shareholder. Spark44 (JV) Limited is not publicly listed.

The following table sets out the Group's share of profit and other comprehensive income and the carrying amount of the Group's equity accounted investment in Spark44 (JV) Limited. The information for the year ended 31 March 2018 presented in this table includes the results of Spark44 (JV) Limited for the period from 1 April 2017 to 31 August 2017 prior to acquisition as a subsidiary.

Year ended 31 March	2019 £m	2018 £m	2017 £m
Group's share of profit for the year	–	2	3
Group's share of other comprehensive income	–	–	–
Group's share of total comprehensive income	**–**	**2**	**3**
Disposal as part of step acquisition	–	(10)	–
Carrying amount of the Group's interest	**–**	**–**	**8**

15 Investments (continued)

Associates

The Group has no additional rights or influence over Jaguar Cars Finance Limited other than the voting rights attached to the ordinary share capital.

During the year ended 31 March 2018, the Group purchased 25.08 per cent of the share capital of Driveclubservice Pte. Ltd. for £0.2 million. In addition, the Group also purchased 1 per cent of the share capital of Driveclub Limited, the wholly owned subsidiary of Driveclubservice Pte. Ltd. However, the Group has 25.83 per cent of the voting rights, being the 1 per cent of share capital held and the indirect shareholding held through Driveclubservice Pte. Ltd. Both Driveclubservice Pte. Ltd. and Driveclub Limited are therefore accounted for as equity accounted investments as the Group has significant influence over the companies.

During the year ended 31 March 2018, the Group's proportion of the ordinary share capital in Cloudcar Inc. was diluted to 26 per cent of the ordinary share capital. However, the Group has 33 per cent of the voting rights since a number of ordinary shares are in the form of options either available for issue or assigned to the employees of CloudCar Inc.

During the year ended 31 March 2017, the Group purchased 32 per cent of the ordinary share capital of CloudCar Inc. for £12 million.

During the year ended 31 March 2017, the Group purchased 33 per cent of the ordinary share capital of Synaptiv Limited for £0.2 million.

No dividend was received in the year ended 31 March 2019 (2018, 2017: no dividend) from any of the individually immaterial equity accounted investments.

The following reconciles the carrying amount of the Group's interests in equity accounted investments:

As at 31 March	2019 £m	2018 £m	2017 £m
Net assets of material joint venture	**962**	**986**	**924**
Share of net assets of:			
Material joint venture	481	493	462
Individually immaterial equity accounted investments	2	6	20
Other	(6)	(11)	(8)
Carrying amount of the Group's interests in equity accounted investments	**477**	**488**	**474**

As at 31 March 2019, an adjustment of £6 million (2018: £11 million, 2017: £8 million) has been made to derecognise profit that has not yet been realised on goods sold by the Group to Chery Jaguar Land Rover Automotive Company Ltd.

The following reconciles the Group's share of total comprehensive income of equity accounted investments:

Year ended 31 March	2019 £m	2018 £m	2017 £m
Profit of material joint venture	**13**	**504**	**312**
Share of profit of:			
Material joint venture	7	252	156
Individually immaterial equity accounted investments	(4)	–	3
Share of profit of equity accounted investments	**3**	**252**	**159**
Currency translation differences	(3)	14	33
Total comprehensive income related to equity accounted investments	**–**	**266**	**192**

The Group's share of capital commitments of its joint ventures at 31 March 2019 is £151 million (2018: £159 million, 2017: £171 million), and commitments relating to the Group's interests in its joint ventures are disclosed in note 33. The contingent liabilities of its joint ventures at 31 March 2019 is £nil (2018: £1 million, 2017: £3 million).

The information above reflects the amounts presented in the financial statements of the equity accounted investments adjusted for differences in accounting policies between the Group and its equity accounted investments. All joint ventures are accounted for using the equity method and are private companies and there are no quoted market prices available for their shares.

15 Investments *(continued)*

Other investments

The Group's other investments comprise equity investments of 10 per cent or less of the ordinary share capital of the investee companies and are designated as fair value through profit and loss financial instruments.

Year ended 31 March	2019 £m	2018 £m	2017 £m
Investment in Lyft, Inc.	46	22	–
Other immaterial investments	23	6	1
Total	**69**	**28**	**1**

During the year ended 31 March 2019, the Group invested £14 million (2018: £5 million, 2017: £1 million) in other investments.

During the year ended 31 March 2018, the Group purchased 0.3 per cent of the ordinary share capital of Lyft, Inc. for £20 million.

The Group has no additional rights or influence over any of its other equity investments other than the voting rights attached to the ordinary share capital. During the year ended 31 March 2019, a dividend of £nil (2018: £nil, 2017: £0.3 million) was received from Jaguar Land Rover Schweiz AG.

Disclosure of the valuation techniques applied in calculating the fair value of these other non-equity accounted investments is included in note 35(A).

16 Other financial assets

As at 31 March	2019 £m	2018 £m	2017 £m
Non-current			
Restricted cash held as security	6	6	5
Derivative financial instruments	54	286	255
Warranty reimbursement and other receivables	104	116	–
Other	6	6	10
Total non-current other financial assets	**170**	**414**	**270**
Current			
Restricted cash	11	12	4
Derivative financial instruments	133	264	169
Warranty reimbursement and other receivables	88	98	2
Accrued income	44	35	19
Other	38	85	24
Total current other financial assets	**314**	**494**	**218**

As of 31 March 2019, £5 million (2018: £5 million, 2017: £4 million) of the non-current restricted cash is held as a financial deposit in relation to ongoing legal cases.

17 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Vehicles £m	Computers £m	Fixtures and fittings £m	Leased assets £m	Heritage vehicles £m	Under construction £m	Total £m
Cost									
Balance at 1 April 2016	1,060	5,661	7	76	84	46	52	511	7,497
Additions*	–	1	2	29	13	–	–	1,478	1,523
Transfers	114	856	–	–	–	–	–	(970)	–
Disposals	(10)	(26)	–	(1)	(3)	–	–	–	(40)
Foreign currency translation	–	–	–	–	–	–	–	1	1
Balance at 31 March 2017	**1,164**	**6,492**	**9**	**104**	**94**	**46**	**52**	**1,020**	**8,981**
Additions*	21	–	1	22	13	16	–	2,502	2,575
Assets acquired on acquisition	–	–	–	2	5	–	–	–	7
Transfers	364	1,558	–	–	–	–	–	(1,922)	–
Disposals	–	(288)	(1)	(4)	(5)	(35)	(1)	–	(334)
Asset write-downs	–	–	–	–	–	–	–	(5)	(5)
Foreign currency translation	–	–	–	–	–	–	–	1	1
Balance at 31 March 2018	**1,549**	**7,762**	**9**	**124**	**107**	**27**	**51**	**1,596**	**11,225**
Additions*	9	–	1	48	21	5	3	1,550	1,637
Transfers	723	1,545	–	–	–	–	–	(2,268)	–
Disposals	(3)	(528)	(1)	(8)	(3)	–	–	–	(543)
Impairment	–	–	–	–	–	–	–	(185)	(185)
Foreign currency translation	(17)	(14)	–	–	–	–	–	13	(18)
Balance at 31 March 2019	**2,261**	**8,765**	**9**	**164**	**125**	**32**	**54**	**706**	**12,116**
Depreciation and impairment									
Balance at 1 April 2016	110	2,126	2	19	30	35	–	–	2,322
Depreciation charge for the period	44	714	2	12	11	4	–	–	787
Disposals	(7)	(16)	–	–	(2)	–	–	–	(25)
Asset write-downs	–	12	–	–	–	–	–	–	12
Balance at 31 March 2017	**147**	**2,836**	**4**	**31**	**39**	**39**	**–**	**–**	**3,096**
Depreciation charge for the period	60	920	1	16	12	2	–	–	1,011
Disposals	–	(268)	(1)	(4)	(4)	(35)	–	–	(312)
Asset write-downs	–	–	–	–	–	–	13	–	13
Balance at 31 March 2018	**207**	**3,488**	**4**	**43**	**47**	**6**	**13**	**–**	**3,808**
Depreciation charge for the period	82	965	1	18	10	2	–	–	1,078
Disposals	(2)	(480)	(1)	(6)	(2)	–	–	–	(491)
Impairment	–	1,162	1	26	16	6	–	–	1,211
Asset write-downs	–	–	–	–	–	–	18	–	18
Balance at 31 March 2019	**287**	**5,135**	**5**	**81**	**71**	**14**	**31**	**–**	**5,624**
Net book value									
At 31 March 2017	1,017	3,656	5	73	55	7	52	1,020	5,885
At 31 March 2018	1,342	4,274	5	81	60	21	38	1,596	7,417
At 31 March 2019	**1,974**	**3,630**	**4**	**83**	**54**	**18**	**23**	**706**	**6,492**

* Including capitalised interest.

As part of the Group's review of the carrying value of property, plant and equipment, £18 million (2018: £18 million, 2017: £nil) of heritage vehicles and assets under construction have been written down, and this has been recognised as an expense within "Other expenses". During the year ended 31 March 2017, £12 million of plant and machinery was written down.

18 Intangible assets

	Software £m	Patents and technological know-how £m	Customer-related £m	Intellectual property rights and other intangibles £m	Product development in progress £m	Capitalised product development £m	Total £m
Cost							
Balance at 1 April 2016	579	147	61	619	1,539	4,525	7,470
Other additions – externally purchased	100	–	–	14	–	–	114
Other additions – internally developed	–	–	–	–	1,426	–	1,426
Capitalised product development – internally developed	–	–	–	–	(809)	809	–
Disposals	(84)	–	–	–	–	(138)	(222)
Balance at 31 March 2017	**595**	**147**	**61**	**633**	**2,156**	**5,196**	**8,788**
Other additions – externally purchased	99	–	–	9	–	–	108
Other additions – internally developed	–	–	–	–	1,593	–	1,593
Other additions – on acquisition	1	–	–	4	–	–	5
Capitalised product development – internally developed	–	–	–	–	(1,668)	1,668	–
Disposals	(25)	–	–	–	–	(131)	(156)
Asset write-downs – assets under construction	(9)	–	–	–	(24)	–	(33)
Balance at 31 March 2018	**661**	**147**	**61**	**646**	**2,057**	**6,733**	**10,305**
Other additions – externally purchased	85	–	–	5	–	–	90
Other additions – internally developed	–	–	–	–	1,579	–	1,579
Capitalised product development – internally developed	–	–	–	–	(1,084)	1,084	–
Disposals	(44)	–	–	–	–	(844)	(888)
Impairment	(10)	–	–	–	(562)	–	(572)
Foreign exchange	(1)	–	–	–	–	–	(1)
Balance at 31 March 2019	**691**	**147**	**61**	**651**	**1,990**	**6,973**	**10,513**
Amortisation and impairment							
Balance at 1 April 2016	201	113	24	–	–	1,635	1,973
Amortisation for the year	83	14	3	–	–	769	869
Disposals	(83)	–	–	–	–	(138)	(221)
Balance at 31 March 2017	**201**	**127**	**27**	**–**	**–**	**2,266**	**2,621**
Amortisation for the year	99	14	3	6	–	942	1,064
Disposals	(25)	–	–	–	–	(131)	(156)
Asset write-downs	13	–	–	–	–	–	13
Balance at 31 March 2018	**288**	**141**	**30**	**6**	**–**	**3,077**	**3,542**
Amortisation for the year	106	6	3	4	–	967	1,086
Disposals	(36)	–	–	–	–	(843)	(879)
Impairment	75	–	7	152	–	903	1,137
Balance at 31 March 2019	**433**	**147**	**40**	**162**	**–**	**4,104**	**4,886**
Net book value							
At 31 March 2017	394	20	34	633	2,156	2,930	6,167
At 31 March 2018	373	6	31	640	2,057	3,656	6,763
At 31 March 2019	**258**	**–**	**21**	**489**	**1,990**	**2,869**	**5,627**

During the year ended 31 March 2018, £46 million of costs were identified as being written down and recognised as an expense within "Other expenses" (2017: £nil).

18 Intangible assets *(continued)*

IMPAIRMENT TESTING

The directors are of the view that the operations of the Group represent a single cash-generating unit ("CGU").

Management performed an impairment assessment as at 31 March 2019. The recoverable value was determined based on value in use ("VIU"), which was marginally higher than the fair value less cost of disposal ("FVLCD") of the relevant assets of the CGU. The recoverable amount was lower than the carrying value of the CGU, and this resulted in an exceptional impairment charge of £3,105 million being recognised within "Other expenses" as at 31 March 2019.

The directors' approach and key (unobservable) assumptions used to determine the Group's CGU VIU were as follows:

As at 31 March	2019	2018	2017
Growth rate applied beyond approved forecast period	1.9%	2.0%	1.9%
Pre-tax discount rate	11.8%	8.7%	10.9%

The Group has considered it appropriate to undertake the impairment assessment with reference to the latest business plan, which includes a five-year cash flow forecast as approved by the JLR plc Board. The growth rates used in the VIU calculation reflect those inherent within the Group's business plan as approved by the JLR plc Board, which is primarily a function of the Group's cycle plan assumptions, past performance and management's expectation of future market developments through to 2023/24. The future cash flows consider potential risks given the current economic environment and key assumptions such as sales volume forecasts and margins. The Group has assessed the potential impacts of changes, if any, in tax and treaty arrangements globally, including Brexit and the US tariffs. The potential impact of reasonably possible outcomes of these events has been included in the VIU calculations.

The cash flows for the year 2023/24 are extrapolated into perpetuity assuming a long-term growth rate as stated above, which is set with reference to weighted-average GDP growth of the countries in which the Group operates.

The impairment loss of £3,105 million has been allocated initially against goodwill of £1 million and the relevant assets, and thereafter the residual amount has been allocated on a pro-rated basis. This has resulted in £1,396 million allocated against tangible assets and £1,709 million allocated against intangible assets.

SENSITIVITY TO KEY ASSUMPTIONS

The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an increase to the aggregate impairment loss recognised as at 31 March 2019 (although it should be noted that these sensitivities do not take account of potential mitigating actions):

	£m
Increase in post-tax discount rate by 1%	1,114
Decrease in long-term growth rate applied beyond approved forecast period by 0.5%	483
Decrease in projected volumes by 5%	4,288
Decrease in projected gross margin by 0.5%	2,088

19 Other assets

As at 31 March	2019 £m	2018 restated* £m	2017 £m
Non-current			
Prepaid expenses	83	82	77
Other	–	–	3
Total other non-current assets	**83**	**82**	**80**
Current			
Recoverable VAT	301	329	243
Prepaid expenses	156	177	167
Research and development credit	113	114	97
Other	–	10	10
Total other current assets	**570**	**630**	**517**

* See note 2 for details of the restatement due to changes in accounting policies.

20 Deferred tax assets and liabilities

Significant components of deferred tax assets and liabilities for the year ended 31 March 2019 are as follows:

	Opening balance restated*** £m	Adjustment on initial application of IFRS 9 £m	Adjusted opening balance £m	Recognised in profit or loss £m	Recognised in other comprehensive income £m	Reclassified from other equity reserves £m	Foreign exchange £m	Closing balance £m
Deferred tax assets								
Property, plant and equipment	9	–	9	535	–	–	–	544
Expenses deductible in future periods	239	–	239	80	–	–	6	325
Derivative financial instruments	80	6	86	7	18	23	–	134
Retirement benefits	77	–	77	(2)	38	–	–	113
Unrealised profit in inventory	157	–	157	(38)	1	–	–	120
Tax loss	367	–	367	(289)	–	–	–	78
Other	100	–	100	26	–	–	–	126
Total deferred tax asset	**1,029**	**6**	**1,035**	**319**	**57**	**23**	**6**	**1,440**
Deferred tax liabilities								
Intangible assets	1,100	–	1,100	(172)	–	–	–	928
Overseas unremitted earnings	99	–	99	2*	–	–	–	101
Total deferred tax liability	**1,199**	**–**	**1,199**	**(170)**	**–**	**–**	**–**	**1,029**
Presented as deferred tax asset**	413							512
Presented as deferred tax liability**	(583)							(101)

* Included within £2 million is a reversal of £5 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

*** See note 2 for details of the restatement due to changes in accounting policies.

At 31 March 2019, deferred tax assets of £512 million (2018: £413 million, 2017: £511 million) have been recognised in relation to deductible temporary differences, including unused tax losses, on the basis that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

At 31 March 2019, the Group had unused tax losses and other temporary differences amounting to £1,599 million (2018: £117 million, 2017: £104 million), for which no deferred tax asset arises. As at 31 March 2019, £4 million (2018: £3 million, 2017: £3 million) of those tax losses are subject to expiry in future periods, with £3 million due to expire in fiscal year 2031. The remaining balance is not expected to expire.

All deferred tax assets and deferred tax liabilities at 31 March 2019, 2018 and 2017 are presented as non-current.

20 Deferred tax assets and liabilities (continued)

Significant components of deferred tax assets and liabilities for the year ended 31 March 2018 are as follows:

	Opening balance £m	Recognised in profit or loss restated*** £m	Recognised in other comprehensive income restated*** £m	Foreign exchange £m	Closing balance restated*** £m
Deferred tax assets					
Property, plant and equipment	12	(3)	–	–	9
Expenses deductible in future periods	222	35	–	(18)	239
Derivative financial instruments	547	(5)	(462)	–	80
Retirement benefits	252	(86)	(89)	–	77
Unrealised profit in inventory	192	(35)	–	–	157
Tax loss	209	159	–	(1)	367
Other	72	28	–	–	100
Total deferred tax asset	**1,506**	**93**	**(551)**	**(19)**	**1,029**
Deferred tax liabilities					
Intangible assets	995	105	–	–	1,100
Overseas unremitted earnings	60	39*	–	–	99
Total deferred tax liability	**1,055**	**144**	**–**	**–**	**1,199**
Presented as deferred tax asset**	511				413
Presented as deferred tax liability**	(60)				(583)

* Included within £39 million is a reversal of £6 million relating to withholding tax incurred on intercompany dividends paid in the year and an additional provision for £15 million relating to prior year earnings.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

*** See note 2 for details of the restatement due to changes in accounting policies.

Significant components of deferred tax assets and liabilities for the year ended 31 March 2017 are as follows:

	Opening balance £m	Recognised in profit or loss restated*** £m	Recognised in other comprehensive income restated*** £m	Foreign exchange £m	Closing balance £m
Deferred tax assets					
Property, plant and equipment	21	(9)	–	–	12
Expenses deductible in future periods	224	(26)	–	24	222
Derivative financial instruments	240	(15)	322	–	547
Retirement benefits	110	(1)	143	–	252
Unrealised profit in inventory	127	65	–	–	192
Tax loss	175	34	–	–	209
Other	50	22	–	–	72
Total deferred tax asset	**947**	**70**	**465**	**24**	**1,506**
Deferred tax liabilities					
Intangible assets	946	49	–	–	995
Overseas unremitted earnings	31	29*	–	–	60
Total deferred tax liability	**977**	**78**	**–**	**–**	**1,055**
Presented as deferred tax asset**	354				511
Presented as deferred tax liability**	(384)				(60)

* Included within £29 million is a reversal of £18 million relating to withholding tax incurred on intercompany dividends paid in the year.

** For balance sheet presentation purposes, deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxation authority and are expected to be settled on a net basis.

*** See note 2 for details of the restatement due to changes in accounting policies.

21 Cash and cash equivalents

As at 31 March	2019 £m	2018 £m	2017 £m
Cash and cash equivalents	2,747	2,626	2,878

22 Allowances for trade and other receivables

Year ended 31 March	2019 £m	2018 £m	2017 £m
At beginning of year	50	60	60
Charged during the year	4	3	–
Receivables written off during the year as uncollectable	(41)	(4)	(1)
Unused amounts reversed	2	(1)	(13)
Foreign currency translation	(3)	(8)	14
At end of year	**12**	**50**	**60**

Trade receivables with a contractual amount of £38 million (2018: £nil, 2017: £nil) that were written off during the year are still subject to enforcement activity.

There were no material changes to the value of expected credit losses on adoption of IFRS 9.

23 Inventories

As at 31 March	2019 £m	2018 £m	2017 £m
Raw materials and consumables	130	93	117
Work-in-progress	369	335	330
Finished goods	3,117	3,339	3,017
Inventory basis adjustment	(8)	–	–
Total inventories	**3,608**	**3,767**	**3,464**

Inventories of finished goods include £484 million (2018: £436 million, 2017: £326 million) relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

Cost of inventories (including cost of purchased products) recognised as an expense during the year amounted to £18,086 million (2018: £19,152 million, 2017: £17,615 million).

During the year, the Group recorded an inventory write-down expense of £52 million (2018: £55 million, 2017: £16 million), excluding a reversal of a write-down recorded in a previous period in relation to the Tianjin incident of £nil (2018: £1 million, 2017: £94 million). The write-down excluding the reversal is included in "Material and other cost of sales".

24 Accounts payable

As at 31 March	2019 £m	2018 £m	2017 £m
Trade payables	4,444	4,800	4,384
Liabilities to employees	114	139	151
Liabilities for expenses	1,757	1,796	1,606
Capital creditors	768	879	367
Total accounts payable	**7,083**	**7,614**	**6,508**

25 Interest-bearing loans and borrowings

As at 31 March	2019 £m	2018 £m	2017 £m
Short-term borrowings			
Bank loans	114	155	179
Current portion of long-term EURO MTF listed debt	767	497	–
Total short-term borrowings	**881**	**652**	**179**
Long-term borrowings			
EURO MTF listed debt	2,844	3,060	3,395
Bank loans	755	–	–
Total long-term borrowings	**3,599**	**3,060**	**3,395**
Finance lease obligations	31	19	7
Total debt	**4,511**	**3,731**	**3,581**

EURO MTF LISTED DEBT

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market.

Details of the tranches of the bonds outstanding at 31 March 2019 are as follows:

- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum – issued January 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum – issued January 2014
- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum – issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum – issued February 2015
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum – issued March 2015
- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum – issued January 2017
- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum – issued January 2017
- $500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum – issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum – issued September 2018

Details of the tranches of the bond repaid in the year ended 31 March 2019 are as follows:

- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum – issued December 2013

No tranches of bonds were repaid in the year ended 31 March 2018.

Details of the tranches of the bond repaid in the year ended 31 March 2017 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum – issued May 2011

SYNDICATED LOAN

In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, due in the following tranches:

- $200 million due October 2022
- $800 million due January 2025

The contractual cash flows of interest-bearing debt (excluding finance leases) are set out below, including estimated interest payments and assuming the debt will be repaid at the maturity date.

As at 31 March	2019 £m	2018 £m	2017 £m
Due in			
1 year or less	1,071	794	321
2nd and 3rd years	1,011	1,228	1,610
4th and 5th years	1,696	1,305	848
More than 5 years	1,559	1,008	1,414
Total contractual cash flows	**5,337**	**4,335**	**4,193**

25 Interest-bearing loans and borrowings *(continued)*

During the year ended 31 March 2019, the Group entered into a $700 million invoice discounting facility that expires in 2021. Under the terms of the facility, the Group de-recognises factored receivables in accordance with IFRS 9 as there are no recourse arrangements.

UNDRAWN FACILITIES

As at 31 March 2019, the Group has a fully undrawn revolving credit facility of £1,935 million (2018: £1,935 million, 2017: £1,870 million). This facility is available in full until 2022.

26 Other financial liabilities

As at 31 March	2019 £m	2018 £m	2017 £m
Current			
Finance lease obligations	3	3	2
Interest accrued	33	32	27
Derivative financial instruments	523	668	1,760
Liability for vehicles sold under a repurchase arrangement	469	479	350
Other	14	7	–
Total current other financial liabilities	**1,042**	**1,189**	**2,139**
Non-current			
Finance lease obligations	28	16	5
Derivative financial instruments	281	257	1,391
Other	1	8	3
Total non-current other financial liabilities	**310**	**281**	**1,399**

27 Provisions

As at 31 March	2019 £m	2018 £m	2017 £m
Current			
Product warranty	694	613	511
Legal and product liability	154	119	114
Provision for residual risk	9	7	7
Provision for environmental liability	14	11	12
Other employee benefit obligations	13	8	–
Restructuring	104	–	–
Total current provisions	**988**	**758**	**644**
Non-current			
Product warranty	1,048	980	879
Legal and product liability	43	24	47
Provision for residual risk	31	28	27
Provision for environmental liability	15	16	22
Other employee benefit obligations	3	7	13
Total non-current provisions	**1,140**	**1,055**	**988**

27 Provisions *(continued)*

Year ended 31 March 2019	Product warranty £m	Legal and product liability £m	Residual risk £m	Environmental liability £m	Other employee benefit obligations £m	Restructuring £m	Total £m
Opening balance	1,593	143	35	27	15	–	1,813
Adjustment on initial application of IFRS 15*	(15)	–	–	–	–	–	(15)
Adjusted opening balance	**1,578**	**143**	**35**	**27**	**15**	**–**	**1,798**
Provisions made during the year	1,004	198	18	16	19	104	1,359
Provisions used during the year	(866)	(108)	(3)	(9)	(8)	–	(994)
Unused amounts reversed in the period	–	(38)	(10)	(5)	(10)	–	(63)
Impact of discounting	26	–	–	–	–	–	26
Foreign currency translation	–	2	–	–	–	–	2
Closing balance	**1,742**	**197**	**40**	**29**	**16**	**104**	**2,128**

* See note 2 for details of the restatement due to changes in accounting policies.

PRODUCT WARRANTY PROVISION

The Group offers warranty cover in respect of manufacturing defects, which become apparent one to five years after purchase, dependent on the market in which the purchase occurred and the vehicle purchased. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future warranty claims, customer goodwill and recall complaints. 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.

LEGAL AND PRODUCT LIABILITY PROVISION

A legal and product liability provision is maintained in respect of compliance with regulations and known litigations that impact the Group. The provision primarily relates to motor accident claims, consumer complaints, dealer terminations, employment cases, personal injury claims and compliance with regulations. The timing of outflows will vary as and when claims are received and settled, which is not known with certainty.

RESIDUAL RISK PROVISION

In certain markets, the Group is responsible for the residual risk arising on vehicles sold by retailers on leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements, being typically up to three years.

ENVIRONMENTAL LIABILITY PROVISION

This provision relates to various environmental remediation costs such as asbestos removal and land clean-up. The timing of when these costs will be incurred is not known with certainty.

OTHER EMPLOYEE BENEFIT OBLIGATIONS

This provision relates to the LTIP scheme for certain employees (see note 9) and other amounts payable to employees.

RESTRUCTURING PROVISION

This provision relates to amounts payable to employees under the Group restructuring programme announced and carried out during the year ended 31 March 2019 (note 4).

28 Other liabilities

As at 31 March	2019 £m	2018 £m	2017 £m
Current			
Liabilities for advances received	86	40	92
Ongoing service obligations	301	244	167
VAT	199	195	171
Other taxes payable	53	43	38
Other	25	25	22
Total other current liabilities	**664**	**547**	**490**
Non-current			
Ongoing service obligations	504	438	338
Other	17	16	24
Total other non-current liabilities	**521**	**454**	**362**

29 Capital and reserves

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

As at 31 March	2019 £m	2018 £m	2017 £m
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total ordinary share capital	**1,501**	**1,501**	**1,501**

The capital redemption reserve of £167 million (2018, 2017: £167 million) was created in March 2011 on the cancellation of share capital.

30 Other reserves

The movement of reserves is as follows:

	Translation reserve £m	Hedging reserve £m	Cost of hedging reserve £m	Retained earnings £m	Total other reserves £m
Balance at 1 April 2018 restated*	**(333)**	**(281)**	**(46)**	**8,968**	**8,308**
Adjustment on initial application of IFRS 9 and IFRS 15 (net of tax)	–	(29)	2	(5)	(32)
Adjusted balance at 1 April 2018	**(333)**	**(310)**	**(44)**	**8,963**	**8,276**
Loss for the year	–	–	–	(3,325)	(3,325)
Remeasurement of defined benefit obligation	–	–	–	(270)	(270)
(Loss)/gain on effective cash flow hedges	–	(813)	24	–	(789)
Loss on effective cash flow hedges of inventory	–	(161)	(36)	–	(197)
Income tax related to items recognised in other comprehensive income	–	184	2	38	224
Cash flow hedges reclassified to profit and loss	–	874	7	–	881
Income tax related to items reclassified to profit or loss	–	(166)	(1)	–	(167)
Amounts removed from hedge reserve and recognised in inventory	–	(141)	19	–	(122)
Income tax related to amounts removed from hedge reserve and recognised in inventory	–	27	(4)	–	23
Currency translation differences	(4)	–	–	–	(4)
Dividend paid	–	–	–	(225)	(225)
Balance at 31 March 2019	**(337)**	**(506)**	**(33)**	**5,181**	**4,305**

30 Other reserves *(continued)*

	Translation reserve £m	Hedging reserve restated* £m	Cost of hedging reserve restated* £m	Retained earnings restated* £m	Total other reserves restated* £m
Balance at 1 April 2017	(329)	(2,232)	(75)	7,549	4,913
Profit for the year	–	–	–	1,112	1,112
Remeasurement of defined benefit obligation	–	–	–	546	546
Gain on effective cash flow hedges	–	1,216	25	–	1,241
Income tax related to items recognised in other comprehensive income	–	(229)	(5)	(89)	(323)
Cash flow hedges reclassified to profit and loss	–	1,190	11	–	1,201
Income tax related to items reclassified to profit or loss	–	(226)	(2)	–	(228)
Currency translation differences	(4)	–	–	–	(4)
Dividend paid	–	–	–	(150)	(150)
Balance at 31 March 2018	**(333)**	**(281)**	**(46)**	**8,968**	**8,308**

	Translation reserve £m	Hedging reserve restated* £m	Cost of hedging reserve restated* £m	Retained earnings restated* £m	Total other reserves restated* £m
Balance at 1 April 2016	(363)	(866)	(34)	7,209	5,946
Profit for the year	–	–	–	1,242	1,242
Remeasurement of defined benefit obligation	–	–	–	(895)	(895)
Gain on effective cash flow hedges	–	(2,953)	(47)	–	(3,000)
Income tax related to items recognised in other comprehensive income	–	567	9	143	719
Cash flow hedges reclassified to profit and loss	–	1,275	(4)	–	1,271
Income tax related to items reclassified to profit or loss	–	(255)	1	–	(254)
Currency translation differences	34	–	–	–	34
Dividend paid	–	–	–	(150)	(150)
Balance at 31 March 2017	**(329)**	**(2,232)**	**(75)**	**7,549**	**4,913**

* See note 2 for details of the restatement due to changes in accounting policies.

31 Dividends

Year ended 31 March	2019 £m	2018 £m	2017 £m
Dividend proposed for the previous year paid during the year of £0.15 (2018, 2017: £0.10) per ordinary share	225	150	150
Amounts recognised as distributions to equity holders during the year	**225**	**150**	**150**
Proposed dividend for the year of £nil (2018: £0.15, 2017: £0.10) per ordinary share	–	225	150

32 Employee benefits

The Group operates defined benefit pension schemes for qualifying employees of certain of its subsidiaries. The UK defined benefit schemes are administered by a trustee with assets held in a trust that are legally separate from the Group. The trustee of the pension schemes is required by law to act in the interest of the fund and of all relevant stakeholders in the schemes and is responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of the trustee must be composed of representatives of the Group and scheme participants in accordance with each scheme's regulations.

32 Employee benefits *(continued)*

Under the schemes, the employees are entitled to post-retirement benefits based on their length of service and salary.

Through its defined benefit pension schemes, the Group is exposed to a number of risks, the most significant of which are detailed below.

ASSET VOLATILITY

The schemes' liabilities are calculated using a discount rate set with reference to corporate bond yields; if the schemes' assets underperform against these corporate bonds, this will create or increase a deficit. The defined benefit schemes hold a significant proportion of equity-type assets, which are expected to outperform corporate bonds in the long term although introduce volatility and risk in the short term.

The UK schemes hold a substantial level of index-linked gilts and other inflation and interest rate hedging instruments in order to reduce the volatility of assets compared to the liability value, although these will lead to asset value volatility.

As the schemes mature, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Group believes that due to the long-term nature of the schemes' liabilities and the strength of the supporting group, a level of continuing equity-type investments is currently an appropriate element of the Group's long-term strategy to manage the schemes efficiently.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase the schemes' liabilities, although this is expected to be partially offset by an increase in the value of the schemes' assets, specifically the bond holdings and interest rate hedging instruments.

INFLATION RISK

Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the schemes against high inflation). As noted above, the schemes hold a significant proportion of assets in index-linked gilts, together with other inflation hedging instruments and also assets that are more closely correlated with inflation. However, an increase in inflation may also create a deficit or increase the existing deficit to some degree.

LIFE EXPECTANCY

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities. This is particularly significant in the UK defined benefit schemes, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following tables set out the disclosures pertaining to the retirement benefit amounts recognised in the consolidated financial statements prepared in accordance with IAS 19:

CHANGE IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATION

Year ended 31 March	2019 £m	2018 £m	2017 £m
Defined benefit obligation at beginning of year	8,320	9,969	7,668
Current service cost	158	217	198
Past service cost/(credit)	42	(437)	–
Interest expense	216	241	275
Actuarial (gain)/loss arising from:			
Changes in demographic assumptions	(49)	(210)	(76)
Changes in financial assumptions	544	(353)	2,335
Experience adjustments	32	(99)	(213)
Exchange differences on foreign schemes	–	(3)	5
Member contributions	2	4	2
Benefits paid	(617)	(988)	(225)
Plan settlement	–	(21)	–
Defined benefit obligation at end of year	**8,648**	**8,320**	**9,969**

32 Employee benefits *(continued)*

CHANGE IN PRESENT VALUE OF SCHEME ASSETS

Year ended 31 March	2019 £m	2018 £m	2017 £m
Fair value of schemes' assets at beginning of year	7,882	8,508	7,103
Interest income	208	218	258
Remeasurement gain/(loss) on the return of schemes' assets, excluding amounts included in interest income	257	(116)	1,149
Administrative expenses	(13)	(9)	(9)
Exchange differences on foreign schemes	–	(1)	3
Employer contributions	262	287	227
Member contributions	2	4	2
Benefits paid	(617)	(988)	(225)
Plan settlement	–	(21)	–
Fair value of schemes' assets at end of year	**7,981**	**7,882**	**8,508**

The actual return on the schemes' assets for the year ended 31 March 2019 was £465 million (2018: £102 million, 2017: £1,407 million). Amounts recognised in the consolidated income statement consist of:

Year ended 31 March	2019 £m	2018 £m	2017 £m
Current service cost	158	217	198
Past service cost/(credit)	42	(437)	–
Administrative expenses	13	9	9
Net interest cost (including onerous obligations)	8	23	17
Components of defined benefit cost/(income) recognised in the consolidated income statement	**221**	**(188)**	**224**

Amounts recognised in the consolidated statement of comprehensive income consist of:

Year ended 31 March	2019 £m	2018 £m	2017 £m
Actuarial gain/(loss) arising from:			
Changes in demographic assumptions	49	210	76
Changes in financial assumptions	(544)	353	(2,335)
Experience adjustments	(32)	99	213
Remeasurement gain/(loss) on the return of schemes' assets, excluding amounts included in interest income	257	(116)	1,149
Change in onerous obligation, excluding amounts included in interest expense	–	–	2
Remeasurement (loss)/gain on defined benefit obligation	**(270)**	**546**	**(895)**

Amounts recognised in the consolidated balance sheet consist of:

As at 31 March	2019 £m	2018 £m	2017 £m
Present value of unfunded defined benefit obligations	(2)	(1)	(2)
Present value of funded defined benefit obligations	(8,646)	(8,319)	(9,967)
Fair value of schemes' assets	7,981	7,882	8,508
Net retirement benefit obligation	**(667)**	**(438)**	**(1,461)**
Presented as non-current liability	(667)	(438)	(1,461)

The most recent valuations of the defined benefit schemes for accounting purposes were carried out at 31 March 2019 by a qualified independent actuary. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method. The asset valuations are taken from the asset custodian for each scheme.

32 Employee benefits *(continued)*

The principal assumptions used in accounting for the pension schemes are set out below:

Year ended 31 March	2019	2018	2017
Discount rate	2.4%	2.7%	2.6%
Expected rate of increase in benefit revaluation of covered employees	2.4%	2.3%	2.3%
RPI inflation rate	3.2%	3.1%	3.2%

For the valuation at 31 March 2019, the mortality assumptions used are the SAPS base table, in particular S2PxA tables and the Light table for members of the Jaguar Executive Pension Plan.

For the Jaguar Pension Plan, scaling factors of 112 per cent to 118 per cent have been used for male members and scaling factors of 101 per cent to 112 per cent have been used for female members.

For the Land Rover Pension Scheme, scaling factors of 107 per cent to 112 per cent have been used for male members and scaling factors of 101 per cent to 109 per cent have been used for female members.

For the Jaguar Executive Pension Plan, an average scaling factor of 94 per cent has been used for male members and an average scaling factor of 84 per cent has been used for female members.

For the valuation at 31 March 2018, the mortality assumptions used are the SAPS base table, in particular S2PxA tables and the Light table for members of the Jaguar Executive Pension Plan.

For the Jaguar Pension Plan, scaling factors of 113 per cent to 119 per cent have been used for male members and scaling factors of 102 per cent to 114 per cent have been used for female members.

For the Land Rover Pension Scheme, scaling factors of 108 per cent to 113 per cent have been used for male members and scaling factors of 102 per cent to 111 per cent have been used for female members.

For the Jaguar Executive Pension Plan, an average scaling factor of 95 per cent has been used for male members and an average scaling factor of 85 per cent has been used for female members.

For the valuation at 31 March 2017, the mortality assumptions used are the SAPS base table, in particular S2NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 120 per cent for males and 110 per cent for females has been used for the Jaguar Pension Plan, 115 per cent for males and 105 per cent for females for the Land Rover Pension Scheme, and 95 per cent for males and 85 per cent for females for the Jaguar Executive Pension Plan.

There is an allowance for future improvements in line with the CMI (2018) projections and an allowance for long-term improvements of 1.25 per cent per annum (2018: CMI (2017) projections with 1.25 per cent per annum improvements, 2017: CMI (2014) projections with 1.25 per cent per annum improvements).

The assumed life expectations on retirement at age 65 are:

As at 31 March	2019 years	2018 years	2017 years
Retiring today:			
Males	21.0	21.3	21.5
Females	23.2	23.4	24.5
Retiring in 20 years:			
Males	22.4	22.5	23.3
Females	25.1	25.1	26.3

A past service cost of £42 million has been recognised in the year ended 31 March 2019. This reflects a plan amendment for certain members as part of the Group restructuring programme (see note 4) and a past service cost following a High Court ruling in October 2018. As a result of the ruling, pension schemes are required to equalise male and female members' benefits for the inequalities within guaranteed minimum pension earned between 17 May 1990 and 5 April 1997. The Group historically made no assumptions for guaranteed minimum pension and therefore has considered the change to be a plan amendment.

32 Employee benefits *(continued)*

A past service credit of £437 million has been recognised in the year ended 31 March 2018 after the Group approved and communicated to its defined benefit schemes' members that the defined benefit schemes' rules were to be amended with effect from 6 April 2017. As a result, among other changes, future retirement benefits would be calculated each year and revalued until retirement in line with a prescribed rate rather than based upon a member's final salary at retirement.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous periods.

Assumption	Change in assumption	Impact on scheme liabilities	Impact on service cost
Discount rate	Increase/decrease by 0.25%	Decrease/increase by c.£430 million	Decrease/increase by £8 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by c.£370 million	Increase/decrease by £8 million
Mortality	Increase/decrease by 1 year	Increase/decrease by c.£310 million	Increase/decrease by £5 million

The fair value of schemes' assets is represented by the following major categories:

	2019				2018				2017			
As at 31 March	Quoted* £m	Unquoted £m	Total £m	%	Quoted* £m	Unquoted £m	Total £m	%	Quoted* £m	Unquoted £m	Total £m	%
Equity instruments												
Information technology	79	–	79	1%	132	–	132	2%	142	–	142	2%
Energy	34	–	34	1%	56	–	56	1%	61	–	61	1%
Manufacturing	58	–	58	1%	96	–	96	1%	104	–	104	1%
Financials	91	–	91	1%	151	–	151	2%	164	–	164	2%
Other	251	–	251	3%	417	–	417	5%	452	–	452	5%
	513	**–**	**513**	**7%**	**852**	**–**	**852**	**11%**	**923**	**–**	**923**	**11%**
Debt instruments												
Government	2,509	–	2,509	31%	2,524	–	2,524	32%	2,929	–	2,929	34%
Corporate bonds (investment grade)	149	1,694	1,843	23%	20	1,836	1,856	24%	20	2,071	2,091	25%
Corporate bonds (non-investment grade)	–	613	613	8%	–	584	584	7%	123	414	537	6%
	2,658	**2,307**	**4,965**	**62%**	**2,544**	**2,420**	**4,964**	**63%**	**3,072**	**2,485**	**5,557**	**65%**
Property funds												
UK	–	244	244	3%	–	165	165	2%	–	190	190	2%
Other	–	229	229	3%	–	160	160	2%	–	156	156	2%
	–	**473**	**473**	**6%**	**–**	**325**	**325**	**4%**	**–**	**346**	**346**	**4%**
Cash and cash equivalents	**210**	**–**	**210**	**3%**	**218**	**–**	**218**	**3%**	**93**	**–**	**93**	**1%**
Other												
Hedge funds	–	310	310	4%	–	356	356	4%	–	403	403	5%
Private markets	4	336	340	4%	2	252	254	3%	–	174	174	2%
Alternatives	16	810	826	10%	470	214	684	9%	327	379	706	8%
	20	**1,456**	**1,476**	**18%**	**472**	**822**	**1,294**	**16%**	**327**	**956**	**1,283**	**15%**
Derivatives												
Foreign exchange contracts	–	16	16	–	–	1	1	–	–	17	17	–
Interest rate and inflation	–	328	328	4%	–	228	228	3%	–	289	289	4%
	–	**344**	**344**	**4%**	**–**	**229**	**229**	**3%**	**–**	**306**	**306**	**4%**
Total	**3,401**	**4,580**	**7,981**	**100%**	**4,086**	**3,796**	**7,882**	**100%**	**4,415**	**4,093**	**8,508**	**100%**

* Quoted prices for identical assets or liabilities in active markets.

32 Employee benefits (continued)

As at 31 March 2019, the schemes held Gilt Repos. The net value of these transactions is included in the value of government bonds. The value of the funding obligation for the Repo transactions is £1,528 million at 31 March 2019 (2018: £1,287 million, 2017: £843 million).

The split of Level 1 assets is 62 per cent (2018: 71 per cent, 2017: 66 per cent), Level 2 assets 24 per cent (2018: 20 per cent, 2017: 27 per cent) and Level 3 assets 14 per cent (2018: 9 per cent, 2017: 7 per cent). Private market holdings are classified as Level 3 instruments. For this purpose, each element of the Repo transactions is included separately.

Jaguar Land Rover contributes towards the UK defined benefit schemes. The 5 April 2018 valuations were completed in December 2018. As a result of these valuations it is intended to eliminate the pension scheme funding deficits over the 10 years to 31 March 2028. There is currently no additional liability over the projected benefit obligation (based on current legal advice the Group will not be required to recognise an additional obligation in the future). In line with the schedule of contributions agreed following the 2018 statutory valuation, the current ongoing Group contribution rate for defined benefit accrual has reduced to c.22 per cent of pensionable salaries in the UK reflecting the 2017 benefit restructure. Deficit contributions are paid in line with the updated schedule of contributions at a rate of £60 million per year until 31 March 2024 followed by £25 million per year until 31 March 2028.

The average duration of the benefit obligations at 31 March 2019 is 19.0 years (2018: 20.4 years, 2017: 21.6 years).

The expected net periodic pension cost for the year ended 31 March 2020 is £166 million. The Group expects to pay £223 million to its defined benefit schemes, in total, for the year ended 31 March 2020.

DEFINED CONTRIBUTION SCHEMES

The Group's contribution to defined contribution schemes for the year ended 31 March 2019 was £93 million (2018: £77 million, 2017: £57 million).

33 Commitments and contingencies

In the normal course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Group 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 Group provides disclosure in the consolidated financial statements but does not record a liability unless the loss becomes probable. Such potential losses may be of an uncertain timing and/or amount.

The following is a description of claims and contingencies where a potential loss is possible but not probable. Management believes that none of the contingencies described below, either individually or in aggregate, would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

LITIGATION AND PRODUCTION MATTERS

The Group is involved in legal proceedings, both as plaintiff and as defendant. There are claims and potential claims of £17 million (2018: £17 million, 2017: £7 million) against the Group that management has not recognised as settlement is not considered probable. These claims and potential claims pertain to motor accident claims, consumer complaints, employment and dealership arrangements, replacement of parts of vehicles and/or compensation for deficiency in the services provided by the Group or its dealers.

The Group has provided for the estimated cost of repair following the passenger safety airbag issue in the United States, China, Canada, Korea, Australia and Japan. The Group recognises that there is a potential risk of further recalls in the future; however, at present the Group has assessed the risk as remote.

OTHER TAXES AND DUTIES

Contingencies and commitments include tax contingent liabilities of £41 million (2018: £42 million, 2017: £nil). These mainly relate to tax audits and tax litigation claims.

33 Commitments and contingencies (continued)

COMMITMENTS

The Group has entered into various contracts with vendors and contractors for the acquisition of plant and equipment and various civil contracts of a capital nature aggregating to £1,054 million (2018: £853 million, 2017: £2,047 million) and £20 million (2018: £15 million, 2017: £31 million) relating to the acquisition of intangible assets.

Commitments and contingencies also includes other contingent liabilities of £222 million (2018: £149 million, 2017: £82 million). The timing of any outflow will vary as and when claims are received and settled, which is not known with certainty.

The remaining financial commitments, in particular the purchase commitments and guarantees, are of a magnitude typical for the industry.

Inventory of £nil (2018, 2017: £nil), trade receivables with a carrying amount of £114 million (2018: £155 million, 2017: £179 million), property, plant and equipment with a carrying amount of £nil (2018, 2017: £nil) and restricted cash with a carrying amount of £nil (2018, 2017: £nil) are pledged as collateral/security against the borrowings and commitments.

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Ltd. is a commitment for the Group to contribute a total of CNY 3,500 million of capital, of which CNY 2,875 million has been contributed as at 31 March 2019. The outstanding commitment of CNY 625 million translates to £71 million at 31 March 2019 exchange rate.

The Group's share of capital commitments of its joint venture at 31 March 2019 is £151 million (2018: £159 million, 2017: £171 million) and contingent liabilities of its joint venture 31 March 2019 is £nil (2018: £1 million, 2017: £3 million).

34 Capital management

The Group's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Group issues debt, primarily in the form of bonds, to meet anticipated funding requirements and maintain sufficient liquidity. The Group also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

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

The following table summarises the capital of the Group:

As at 31 March	2019 £m	2018 restated* £m	2017 £m
Short-term debt	884	655	181
Long-term debt	3,627	3,076	3,400
Total debt**	**4,511**	**3,731**	**3,581**
Equity attributable to shareholders	5,973	9,976	6,581
Total capital	**10,484**	**13,707**	**10,162**

* See note 2 for details of the restatement due to changes in accounting policies.

** Total debt includes finance lease obligations of £31 million (2018: £19 million, 2017: £7 million).

35 Financial instruments

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

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

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2019 under IFRS 9:

		Fair value through profit and loss			
	Amortised cost and other financial liabilities £m	Derivatives and other financial instruments in hedging relationship £m	Derivatives other than in hedging relationship £m	Total carrying value £m	Total fair value £m
Short-term deposits and other investments	1,028	–	–	1,028	1,028
Other financial assets – current	181	102	31	314	314
Other financial assets – non-current	116	43	11	170	170
Total financial assets	**1,325**	**145**	**42**	**1,512**	**1,512**
Short-term borrowings	113	768	–	881	877
Long-term borrowings*	3,599	–	–	3,599	3,245
Other financial liabilities – current	519	426	97	1,042	1,042
Other financial liabilities – non-current	29	266	15	310	310
Total financial liabilities	**4,260**	**1,460**	**112**	**5,832**	**5,474**

* Included in the long-term borrowings shown in other financial liabilities is £813 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £5 million of fair value adjustments as a result of the hedge relationship.

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2018 under IAS 39:

	Held to maturity £m	Loans and receivables and other financial liabilities £m	Derivatives and other financial instruments in hedging relationship £m	Fair value through profit and loss £m	Total carrying value £m	Total fair value £m
Short-term deposits and other investments	36	1,995	–	–	2,031	2,031
Other financial assets – non-current	–	230	185	79	494	494
Other financial assets – non-current	–	128	266	20	414	414
Total financial assets	**36**	**2,353**	**451**	**99**	**2,939**	**2,939**
Short-term borrowings		652	498	–	1,150	1,155
Long-term borrowings*		1,850	712	–	2,562	2,590
Other financial liabilities – current		521	585	83	1,189	1,189
Other financial liabilities – non-current		24	250	7	281	281
Total financial liabilities		**3,047**	**2,045**	**90**	**5,182**	**5,215**

* Included in the long-term borrowings shown in other financial liabilities is £342 million that is designated as the hedged item in a fair value hedge relationship. Included within this figure is £10 million of fair value adjustments as a result of the hedge relationship.

The 2018 comparative balances have been represented, in order to fully reflect the maturity of borrowings designated in a hedging relationship.

35 Financial instruments *(continued)*

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2017 under IAS 39:

	Loans and receivables and other financial liabilities £m	Derivatives and other financial instruments in cash flow hedging relationship £m	Fair value through profit and loss £m	Total carrying value £m	Total fair value £m
Other financial assets – current	49	133	36	218	218
Other financial assets – non-current	15	205	50	270	270
Total financial assets	**64**	**338**	**86**	**488**	**488**
Short-term borrowings	179	–	–	179	179
Long-term borrowings	2,432	963	–	3,395	3,489
Other financial liabilities – current	379	1,517	243	2,139	2,139
Other financial liabilities – non-current	8	1,379	12	1,399	1,399
Total financial liabilities	**2,998**	**3,859**	**255**	**7,112**	**7,206**

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognised amounts and the Group intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial assets and financial liabilities are subject to master netting arrangements whereby in the case of insolvency, derivative financial assets and financial liabilities can be settled on a net basis.

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2019:

				Amounts subject to a master netting arrangement		
	Gross amount recognised £m	Gross amount of recognised set off in the balance sheet £m	Net amount presented in the balance sheet £m	Financial instruments £m	Cash collateral (received)/ pledged £m	Net amount after offsetting £m
Financial assets						
Derivative financial assets	187	–	187	(187)	–	–
Cash and cash equivalents	3,175	(428)	2,747	–	–	2,747
	3,362	**(428)**	**2,934**	**(187)**	**–**	**2,747**
Financial liabilities						
Derivative financial liabilities	804	–	804	(187)	–	617
Short-term borrowings	1,309	(428)	881	–	–	881
	2,113	**(428)**	**1,685**	**(187)**	**–**	**1,498**

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2018:

				Amounts subject to a master netting arrangement		
	Gross amount recognised £m	Gross amount of recognised set off in the balance sheet £m	Net amount presented in the balance sheet £m	Financial instruments £m	Cash collateral (received)/ pledged £m	Net amount after offsetting £m
Financial assets						
Derivative financial assets	550	–	550	(531)	–	19
Cash and cash equivalents	2,806	(180)	2,626	–	–	2,626
	3,356	**(180)**	**3,176**	**(531)**	**–**	**2,645**
Financial liabilities						
Derivative financial liabilities	925	–	925	(531)	–	394
Short-term borrowings	832	(180)	652	–	–	652
	1,757	**(180)**	**1,577**	**(531)**	**–**	**1,046**

35 Financial instruments *(continued)*

The following table discloses the amounts that have been offset in arriving at the consolidated balance sheet presentation and the amounts that are available for offset only under certain conditions as at 31 March 2017:

				Amounts subject to a master netting arrangement		
	Gross amount recognised £m	Gross amount of recognised set off in the balance sheet £m	Net amount presented in the balance sheet £m	Financial instruments £m	Cash collateral (received)/ pledged £m	Net amount after offsetting £m
Financial assets						
Derivative financial assets	424	–	424	(419)	–	5
Cash and cash equivalents	2,909	(31)	2,878	–	–	2,878
	3,333	**(31)**	**3,302**	**(419)**	**–**	**2,883**
Financial liabilities						
Derivative financial liabilities	3,151	–	3,151	(419)	–	2,732
Short-term borrowings	210	(31)	179	–	–	179
	3,361	**(31)**	**3,330**	**(419)**	**–**	**2,911**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): this level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): this level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Valuation techniques with significant unobservable inputs (Level 3): this level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data.

Of the financial assets held at 31 March 2019 and classified as Level 3, 91 per cent (2018: 97 per cent, 2017: 100 per cent) were valued using recent transaction values and 9 per cent (2018: 3 per cent, 2017: nil per cent) were valued using an alternative technique.

Recent transaction values

The pricing of recent investment transactions is the main input of valuations performed by the Group. The Group's policy is to use observable market data where possible for its valuations and, in the absence of portfolio company earnings or revenue to compare, or of relevant comparable businesses' data, recent transaction prices represent the most reliable observable inputs.

Alternative valuation methodologies

Alternative valuation methodologies are used by the Group for reasons specific to individual assets. At 31 March 2019, the alternative technique used was net asset value, representing 100 per cent of alternatively valued assets.

There has been no change in the valuation techniques adopted in either current or prior financial years as presented. The investment in Lyft, Inc. (note 15) has transferred from Level 3 to Level 1 as a result of the Lyft, Inc. initial public offering on 29 March 2019. There were no transfers between fair value levels in prior financial years.

The financial instruments that are measured subsequent to initial recognition at fair value are classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from inputs other than quoted prices that are observable. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. Fair values of forward derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves from Reuters. Commodity swap contracts are similarly fair valued by discounting expected future contractual cash flows. Option contracts on foreign currency are entered into on a zero cost collar basis and fair value estimates are calculated from standard Black-Scholes options pricing methodology, using prevailing market interest rates and volatilities. The estimate of fair values for cross-currency swaps is calculated using discounted estimated future cash flows. Estimates of the future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates ("LIBOR").

Additionally, a credit valuation adjustment/debit value adjustment is taken on derivative financial assets and liabilities and is calculated by discounting the fair value gain or loss on the financial derivative using credit default swap ("CDS") prices quoted for the counterparty or Jaguar Land Rover respectively. CDS prices are obtained from Reuters.

35 Financial instruments *(continued)*

The long-term borrowings are held at amortised cost. Their fair value of the EURO MTF listed debt for disclosure purposes is determined using Level 1 valuation techniques, based on the closing price as at 31 March 2019 on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market, for unsecured listed bonds. For bank loans, Level 2 valuation techniques are used.

Fair values of cash and cash equivalents, short-term deposits, trade receivables and payables, short-term borrowings other than unsecured listed bonds and other financial assets and liabilities (current and non-current excluding derivatives) are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Other investments that are not equity accounted for are recognised at fair value. Where there is an active quoted market, the fair value is determined using Level 1 valuation techniques, based on the closing price at year end. The valuation as at 31 March 2019 is £46 million (2018 and 2017: £nil). Where there is no active quoted market, the fair values have been determined using Level 3 valuation techniques and the closing valuation as at 31 March 2019 is £23 million (2018: £28 million, 2017: £1 million). The fair value gain recognised in the consolidated income statement for the Level 3 investments for the year ended 31 March 2019 is £2 million (2018: £2 million, 2017: £nil).

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realised in a sales transaction as of the respective dates. The estimated fair value amounts as at 31 March 2019, 2018 and 2017 have been measured as at the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

(B) FINANCIAL RISK MANAGEMENT

The Group is exposed to foreign currency exchange rate, commodity price, interest rate, liquidity and credit risks. The Group has a risk management framework in place, which monitors all of these risks as discussed below. This framework is approved by the JLR plc Board.

FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have a potential impact on the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Chinese Yuan and Euro against the functional currency of the Company and its subsidiaries.

Foreign exchange risk on future transactions is mitigated through the use of derivative contracts. The Group is also exposed to fluctuations in exchange rates that impact the valuation of foreign currency denominated assets and liabilities of its National Sales Companies and also foreign currency denominated balances on the Group's consolidated balance sheet at each reporting period end. In addition to the derivatives designated in hedging relationships as detailed in section (C), the Group enters into foreign currency contracts as economic hedges of recognised foreign currency debt.

The following table sets forth information relating to foreign currency exposure as at 31 March 2019:

	US Dollar £m	Chinese Yuan £m	Euro £m	Others* £m
Financial assets	2,383	219	1,377	327
Financial liabilities	(3,349)	(424)	(3,524)	(385)
Net exposure liability	**(966)**	**(205)**	**(2,147)**	**(58)**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income	(76)/76	–	–	n/a
In the consolidated income statement	(21)/21	(21)/21	(215)/215	n/a

35 Financial instruments *(continued)*

The following table sets forth information relating to foreign currency exposure as at 31 March 2018:

	US Dollar £m	Chinese Yuan £m	Euro £m	Others* £m
Financial assets	1,315	540	1,372	478
Financial liabilities	(3,044)	(580)	(3,344)	(421)
Net exposure (liability)/asset	**(1,729)**	**(40)**	**(1,972)**	**57**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income	(117)/117	–	–	n/a
In the consolidated income statement**	(52)/52	(4)/4	(197)/197	n/a

The following table sets forth information relating to foreign currency exposure as at 31 March 2017:

	US Dollar £m	Chinese Yuan £m	Euro £m	Others* £m
Financial assets	1,122	490	1,135	405
Financial liabilities	(2,893)	(415)	(2,598)	(356)
Net exposure (liability)/asset	**(1,771)**	**75**	**(1,463)**	**49**
10% appreciation/depreciation of the currency would result in additional (loss)/gain:				
In other comprehensive income**	(132)/132	–	–	n/a
In the consolidated income statement**	(45)/45	8/(8)	(146)/146	n/a

* Others include Japanese Yen, Russian Rouble, Singapore Dollar, Swiss Franc, Australian Dollar, South African Rand, Thai Baht, Korean Won etc.

** See note 2 for details of the restatement due to changes in accounting policies.

COMMODITY PRICE RISK

The Group is exposed to commodity price risk arising from the purchase of certain raw materials such as aluminium, copper, platinum and palladium. This risk is mitigated through the use of derivative contracts and fixed-price contracts with suppliers. The derivative contracts are not hedge accounted under IFRS 9 but are instead measured at fair value through profit or loss.

The total fair value gain on commodities of £9 million (2018: £28 million, 2017: £106 million) has been recognised in "Other income" in the consolidated income statement. The amounts reported do not reflect the purchasing benefits received by the Group (which are included within "Material and other cost of sales").

A 10 per cent appreciation/depreciation of all commodity prices underlying such contracts would have resulted in a gain/loss of £53 million (2018: £50 million, 2017: £57 million).

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Group.

In addition to issuing long-term fixed-rate bonds, the Group has other facilities in place that are primarily used to finance working capital and are subject to variable interest rates. When undertaking a new debt issuance, the JLR plc Board will consider the fixed/floating interest rate mix of the Group, the outlook for future interest rates and the appetite for certainty of funding costs.

The Group uses cross-currency interest rate swaps to convert some of its issued debt from foreign denominated fixed-rate debt to GBP floating-rate debt. The derivative instruments and the foreign currency fixed-rate debt are designated in fair value and cash flow hedging relationships. As at 31 March 2019, the carrying amount of these derivative instruments was a liability of £4 million (2018: £29 million, 2017: £nil). Further detail is given in section (C) below.

35 Financial instruments *(continued)*

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year-end balances are not necessarily representative of the average debt outstanding during the year.

As at 31 March 2019, short-term borrowings of £114 million (2018: £155 million, 2017: £179 million) and long-term borrowings of £768 million (2018: £nil, 2017: £nil) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £9 million (2018, 2017: £2 million) in the consolidated income statement and £nil (2018, 2017: £nil) in other comprehensive income.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable-rate debt instruments.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and undrawn borrowing facilities to meet the Group's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2019	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Financial liabilities						
Long-term borrowings	3,599	5,186	946	449	2,232	1,559
Short-term borrowings	881	881	881	–	–	–
Finance lease obligations	31	62	7	7	15	33
Other financial liabilities	517	554	527	12	15	–
Accounts payable	7,083	7,083	7,083	–	–	–
Derivative financial instruments	804	1,076	592	313	144	27
Total contractual maturities	**12,915**	**14,842**	**10,036**	**781**	**2,406**	**1,619**

As at 31 March 2018	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Financial liabilities						
Long-term borrowings	3,060	3,638	120	824	1,686	1,008
Short-term borrowings	652	668	668	–	–	–
Finance lease obligations	19	32	6	4	11	11
Other financial liabilities	526	555	525	15	15	–
Accounts payable	7,614	7,614	7,614	–	–	–
Derivative financial instruments	925	1,207	748	322	124	13
Total contractual maturities	**12,796**	**13,714**	**9,681**	**1,165**	**1,836**	**1,032**

As at 31 March 2017	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Financial liabilities						
Long-term borrowings	3,395	3,982	133	687	1,748	1,414
Short-term borrowings	179	179	179	–	–	–
Finance lease obligations	7	11	2	2	2	5
Other financial liabilities	380	386	360	13	13	–
Accounts payable	6,508	6,508	6,508	–	–	–
Derivative financial instruments	3,151	3,992	1,950	1,294	748	–
Total contractual maturities	**13,620**	**15,058**	**9,132**	**1,996**	**2,511**	**1,419**

35 Financial instruments *(continued)*

CREDIT RISK

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. The majority of the Group's credit risk pertains to the risk of financial loss arising from counterparty default on cash investments.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments of the Group result in material concentrations of credit risks.

All Group cash is invested according to strict credit criteria and actively monitored by Group Treasury in conjunction with the current market valuation of derivative contracts. To support this, the JLR plc Board has implemented an investment policy that places limits on the maximum cash investment that can be made with any single counterparty depending on their published external credit rating.

To a lesser extent the Group has an exposure to counterparties on trade receivables and other financial assets. The Group seeks to mitigate credit risk on sales to third parties through the use of payment at the point of delivery, credit limits, credit insurance and letters of credit from banks that meet internal rating criteria.

FINANCIAL ASSETS

None of the Group's cash equivalents, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2019 (2018 and 2017: no indications) that defaults in payment obligations will occur.

The Group has reviewed trade and other receivables not yet due and not impaired and no material issues have been identified. Trade and other receivables past due and impaired are set out below:

As at 31 March	2019 gross £m	2019 impairment £m	2019 expected loss rate	2018 gross £m	2018 impairment £m	2018 expected loss rate	2017 gross £m	2017 impairment £m	2017 expected loss rate
Not yet due	1,190	1	–%	1,413	2	–%	1,185	–	–%
Overdue <3 months	173	–	–%	216	–	–%	92	4	4%
Overdue 3–6 months	3	–	–%	1	1	100%	1	1	100%
Overdue >6 months	14	11	79%	48	47	98%	57	55	97%
Total	**1,380**	**12**		**1,678**	**50**		**1,335**	**60**	

Included within trade receivables is £114 million (2018: £155 million, 2017: £179 million) of receivables that are part of a debt factoring arrangement. These assets do not qualify for de-recognition due to the recourse arrangements in place. The related liability of £114 million (2018: £155 million, 2017: £179 million) is in short-term borrowings. Both the asset and associated liability are classified in amortised cost and other financial liabilities respectively.

(C) DERIVATIVES AND HEDGE ACCOUNTING

The Group's operations give rise to revenue, raw material purchases and borrowings in currencies other than the Group's presentation currency of GBP. The Group forecasts these transactions over the medium term and enters into derivative contracts to mitigate the resulting foreign currency exchange risk, interest rate risk and commodity price risk. The Group's risk management strategy allows for hedge accounting when the derivatives meet the hedge accounting criteria as set out in IFRS 9 as well as the Group's risk management objectives.

Commodity derivatives are not hedge accounted. Foreign currency forward contracts, foreign currency options and foreign currency denominated borrowings may be designated as hedging instruments in a cash flow hedge relationship against forecast foreign currency transactions to mitigate foreign currency exchange risk associated with those transactions. In addition, the Group uses cross-currency interest rate swaps to hedge its foreign currency exchange risk associated with recognised long-term borrowings. These instruments are designated in both cash flow and fair value hedging relationships.

In all cases the Group uses a hedge ratio of 1:1. The critical terms of the derivative contracts are aligned with those of the hedged item. The Group allows a maximum hedging term of five years for forecast transactions. The Group's risk management policy allows for decreasing levels of hedging as the forecasting horizon increases.

35 Financial instruments *(continued)*

A 10 per cent depreciation/appreciation in Sterling against the foreign currency underlying contracts within the Group's derivative portfolio that are sensitive to changes in foreign exchange rates (excluding US Dollar bonds designated in a cash flow hedging relationship) would have resulted in the approximate additional (loss)/gain shown in the following table:

As at 31 March	2019 £m	2018 restated* £m	2017 restated* £m
10% depreciation in Sterling against the foreign currency:			
In other comprehensive income	(273)	(908)	(1,602)
In the consolidated income statement	109	116	34
10% appreciation in Sterling against the foreign currency:			
In other comprehensive income	244	773	1,613
In the consolidated income statement	(75)	(95)	(34)

* See note 2 for details of the restatement due to changes in accounting policies.

The following table sets out the change in the Group's exposure to interest rate risk as a result of cross-currency interest rate swaps:

	Foreign currency average interest rate			Reporting currency average interest rate		
Outstanding contracts	2019 %	2018 %	2017 %	2019 %	2018 %	2017 %
Cross-currency interest rate swaps						
Less than one year	–	–	–	–	–	–
Between one and five years	–	–	–	–	–	–
More than five years	4.500	4.500	n/a	LIBOR + 3.235	LIBOR + 2.033	n/a

The following table shows the impact that would result from an increase/decrease of 100 basis points in interest rates at the balance sheet date:

As at 31 March	2019 £m	2018 £m	2017 £m
10% depreciation in interest rates:			
In the consolidated income statement	(5)	–	(58)
10% appreciation in interest rates:			
In the consolidated income statement	19	1	57

CASH FLOW HEDGES

The Group uses foreign currency options, foreign currency forward contracts and recognised foreign currency borrowings as the hedging instrument in cash flow hedge relationships of hedged sales and purchases. The time value of options and the foreign currency basis spread of foreign exchange forward contracts are excluded from the hedge relationship and are recognised in other comprehensive income as a cost of hedging to the extent they relate to the hedged item (the aligned value). Additionally, the Group uses cross-currency interest rate swaps as the hedging instrument of the foreign exchange risk of recognised foreign currency borrowings.

Changes in the fair value of foreign currency contracts, to the extent determined to be an effective cash flow hedge, are recognised in the consolidated statement of comprehensive income, and the ineffective portion of the fair value change is recognised in the consolidated income statement. There is not generally expected to be significant ineffectiveness from cash flow hedges.

It is anticipated that the hedged sales will take place over the next one to five years, at which time the amount deferred in equity will be reclassified to revenue in profit and loss.

It is anticipated that the hedged purchases will take place over the next one to five years, at which time the amount deferred in equity will be included in the carrying amount of the raw materials. On sale of the finished product, the amount previously deferred in equity and subsequently recognised in inventory will be reclassified to cost of goods sold in profit or loss.

35 Financial instruments (continued)

The foreign currency borrowings designated as the hedged item mature in January 2026 and October 2027, at which time the amount deferred in equity will be reclassified to profit and loss.

The table below sets out the timing profile of the hedge accounted derivatives:

As at 31 March	Average strike rate			Nominal amounts			Carrying value assets/(liabilities)		
Outstanding contracts	2019	2018	2017	2019 £m	2018 £m	2017 £m	2019 £m	2018 £m	2017 £m
Cash flow hedges of foreign exchange risk on forecast transactions									
Derivative instruments									
Sell – USD									
Less than one year	0.6756	0.6483	0.6509	1,584	2,257	3,468	(187)	(178)	(711)
Between one and five years	0.6989	0.6771	0.6624	1,945	2,988	5,531	(114)	(55)	(911)
Sell – Chinese Yuan									
Less than one year	0.1054	0.1018	0.0999	2,132	2,984	3,467	(153)	(300)	(483)
Between one and five years	0.1075	0.1051	0.1020	1,299	2,582	4,143	(43)	(83)	(259)
Buy – Euro									
Less than one year	0.8823	0.8521	0.8276	3,609	2,568	2,492	14	140	120
Between one and five years	0.9192	0.8994	0.8630	4,030	4,490	4,459	(73)	143	177
Other currencies									
Less than one year	0.0024	0.0020	0.0021	1,800	1,748	1,694	2	(62)	(310)
Between one and five years	0.0044	0.0033	0.0027	882	1,560	1,829	11	40	(181)
				17,281	**21,177**	**27,083**	**(543)**	**(355)**	**(2,558)**
Debt instruments									
USD									
Less than one year	0.7358	0.6727	–	736	471	–	(768)	(498)	–
Between one and five years	–	0.7358	0.6727	–	736	807	–	(712)	(963)
				736	**1,207**	**807**	**(768)**	**(1,210)**	**(963)**
Hedges of foreign exchange risk on recognised debt									
Cross-currency interest rate swaps									
USD									
Less than one year	–	–	–	–	–	–	–	–	–
Between one and five years	–	–	–	–	–	–	–	–	–
More than five years	0.7592	0.7592	–	380	380	–	11	(29)	–
EUR									
Less than one year	–	–	–	–	–	–	–	–	–
Between one and five years	–	–	–	–	–	–	–	–	–
More than five years	0.8912	–	–	446	–	–	(15)	–	–
				826	**380**	**–**	**(4)**	**(29)**	**–**

The USD debt instrument used as a hedging instrument shown in the less than one year category above hedges some periods that are between one and five years. As the instrument itself matures within one year, the total amount has been shown in less than one year. The amounts hedging revenue between one and five years are £359 million (2018: £204 million, 2017: £nil).

35 Financial instruments (continued)

The line items in the consolidated balance sheet that include the above derivative instruments are "Other financial assets" and "Other financial liabilities". The US denominated debt designated as a hedging instrument is included in "Borrowings". The following table sets out the effect of the Group's cash flow hedges on the financial position of the Group:

As at 31 March	2019 £m	2018 £m	2017 £m
Loss accumulated in the Hedging reserve relating to exposure on anticipated future revenue transactions	(580)	(636)	(3,085)
(Loss)/gain accumulated in the Hedging reserve relating to exposure on anticipated future purchase transactions	(43)	294	332
Loss accumulated in the Hedging reserve relating to exposure on debt	–	(4)	–
Loss accumulated in Hedging reserve	**(623)**	**(346)**	**(2,753)**
Of which:			
Loss relating to continuing hedges	(575)	(307)	(2,590)
Loss relating to hedges where hedge accounting is no longer applied	(48)	(39)	(163)
Loss accumulated in the Cost of hedging reserve relating to exposure on anticipated future revenue transactions	(16)	(48)	(63)
Loss accumulated in the Cost of hedging reserve relating to exposure on anticipated future purchase transactions	(26)	(12)	(29)
Gain accumulated in the Cost of hedging reserve relating to exposure on debt	2	3	–
Loss accumulated in the Cost of hedging reserve	**(40)**	**(57)**	**(92)**
Of which:			
Loss relating to continuing hedges	(41)	(53)	(90)
Gain/(loss) relating to hedges where hedge accounting is no longer applied	1	(4)	(2)

The following table sets out the effect of the Group's cash flow hedges on the financial performance of the Group:

Year ended 31 March	2019 £m	2018 £m	2017 £m
Fair value (loss)/gain of foreign currency derivative contracts recognised in Hedging reserve	(876)	1,075	(2,803)
Fair value (loss)/gain of foreign currency bonds recognised in Hedging reserve	(103)	145	(150)
Fair value gain/(loss) of derivatives hedging foreign currency bonds recognised in Hedging reserve	5	(4)	–
(Loss)/gain recognised in Other comprehensive income in the year	**(974)**	**1,216**	**(2,953)**
Fair value (loss)/gain of foreign currency derivative contracts recognised in the Cost of hedging reserve	(11)	22	(47)
Fair value (loss)/gain of derivatives hedging foreign currency bonds recognised in the Cost of hedging reserve	(1)	3	–
(Loss)/gain recognised in Other comprehensive income in the year	**(12)**	**25**	**(47)**
Net (loss)/gain in the hedged item used for assessing hedge effectiveness	(202)	2,195	(1,402)
(Loss)/gain released from the Hedging reserve relating to forecast transactions that are no longer expected to occur	(12)	7	(42)
Gain released from the Cost of hedging reserve relating to forecast transactions that are no longer expected to occur	1	–	–
Loss on derivatives not hedge accounted, recognised in "Foreign exchange (loss)/gain and fair value adjustments" in the consolidated income statement	(18)	(4)	(53)

No ineffectiveness was recognised in the consolidated income statement in the year ended 31 March 2019, 2018 or 2017 in respect of cash flow hedges.

35 Financial instruments *(continued)*

FAIR VALUE HEDGES

The Group uses cross-currency interest rate swaps as the hedging instrument in a fair value hedge of foreign exchange and interest rate risks of foreign currency denominated debt. The derivatives convert foreign currency USD fixed-rate borrowings to GBP floating-rate debt.

Changes in the fair value of foreign currency contracts that are designated in fair value hedging relationships are recognised in the consolidated income statement. Changes in the fair value of the underlying hedged item (long-term borrowings) for the hedged risks are recognised in the same income statement line.

The fair value of the cross-currency interest rate swaps included in "Derivatives and other financial instruments in hedging relationship" in section (A) are as follows:

As at 31 March	2019 £m	2018 £m	2017 £m
Other financial assets – non-current	11	–	–
Total financial assets	**11**	**–**	**–**
Other financial liabilities – non-current	(15)	(29)	–
Total financial liabilities	**(15)**	**(29)**	**–**

The following amounts have been recognised in the consolidated income statement in the years ended 31 March 2019, 2018 and 2017:

During year to 31 March	2019 £m	2018 £m	2017 £m
Net change in the hedged item used for assessing hedge effectiveness, taken to the consolidated income statement in "Foreign exchange (loss)/gain and fair value adjustments"	(29)	34	–
Fair value changes in the derivative instruments used in assessing hedge effectiveness, taken to the consolidated income statement in "Foreign exchange (loss)/gain and fair value adjustments"	22	(27)	–
Ineffectiveness recognised in the consolidated income statement in "Foreign exchange (loss)/gain and fair value adjustments"	**(7)**	**7**	**–**

36 Leases

LEASE AS A LESSEE

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

As at 31 March	2019 £m	2018 £m	2017 £m
Less than one year	7	6	2
Between one and five years	22	15	4
More than five years	33	11	5
Total lease payments	**62**	**32**	**11**
Less future finance charges	(31)	(13)	(4)
Present value of lease obligations	**31**	**19**	**7**

The above leases relate to amounts payable under the minimum lease payments on plant and equipment. The carrying value of these assets as at 31 March 2019 was £28 million (2018: £21 million, 2017: £7 million). The Group leased certain of its manufacturing equipment under finance leases that mature between 2019 and 2048. The Group will take ownership of all assets held under finance lease at the end of the lease term.

36 Leases *(continued)*

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

As at 31 March	2019 £m	2018 £m	2017 £m
Less than one year	115	91	75
Between one and five years	272	224	209
More than five years	239	238	164
Total lease payments	**626**	**553**	**448**

The Group leases a number of buildings, plant and equipment and IT hardware and software under operating leases, certain of which have a renewal and/or purchase option in the normal course of business.

LEASE AS A LESSOR

The future minimum lease receipts under non-cancellable operating leases are as follows:

As at 31 March	2019 £m	2018 £m	2017 £m
Less than one year	5	5	–
Between one and five years	2	2	1
More than five years	9	9	10
Total lease payments	**16**	**16**	**11**

37 Segmental reporting

Operating segments are defined as components of the Group about which separate financial information is available that is evaluated regularly by the chief operating decision-maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Group operates in the automotive segment. The automotive segment includes all activities relating to design, development, manufacture and marketing of vehicles including financing thereof, as well as sale of related parts and accessories from which the Group derives its revenues. The Group has only one operating segment, so no separate segment report is given.

The geographic spread of sales by customer location and non-current assets is as disclosed below:

	UK £m	US £m	China £m	Rest of Europe £m	Rest of World £m	Total £m
31 March 2019						
Revenue	5,228	5,485	3,312	5,355	4,834	24,214
Non-current assets	10,859	32	16	1,045	167	12,119
31 March 2018						
Revenue	5,096	4,974	5,554	5,318	4,844	25,786
Non-current assets	13,146	32	18	819	165	14,180
31 March 2017						
Revenue	5,557	4,638	4,684	5,273	4,187	24,339
Non-current assets	11,714	10	11	158	159	12,052

In the table above, non-current assets includes property, plant and equipment and intangible assets.

38 Notes to the consolidated cash flow statement

(A) RECONCILIATION OF (LOSS)/PROFIT FOR THE YEAR TO CASH GENERATED FROM OPERATING ACTIVITIES

Year ended 31 March	Note	2019 £m	2018 restated* £m	2017 restated* £m
(Loss)/profit for the year		**(3,321)**	**1,114**	**1,242**
Adjustments for:				
Depreciation and amortisation		2,164	2,075	1,656
Write-down of tangible assets	10	18	18	12
Write-down of intangible assets	10	–	46	–
Loss on disposal of assets		59	22	15
Foreign exchange and fair value loss/(gain) on loans	13	45	(69)	101
Income tax (credit)/expense	14	(308)	398	331
Finance expense (net)	12	111	85	68
Finance income	12	(35)	(33)	(33)
Foreign exchange loss/(gain) on economic hedges of loans	13	18	(11)	4
Foreign exchange loss/(gain) on derivatives	13	31	(74)	31
Foreign exchange (gain)/loss on short-term deposits and other investments		(71)	55	(57)
Foreign exchange loss/(gain) on other restricted deposits		–	1	(7)
Foreign exchange loss/(gain) on cash and cash equivalents		27	41	(95)
Unrealised loss/(gain) on commodities	13	34	2	(148)
Loss on matured revenue hedges		43	–	–
Share of profit of equity accounted investments	15	(3)	(252)	(159)
Fair value gain on equity investment	13	(26)	(3)	–
Exceptional items	4	3,271	(438)	(151)
Other non-cash adjustments		(4)	6	1
Cash flows from operating activities before changes in assets and liabilities		**2,053**	**2,983**	**2,811**
Trade receivables		249	(317)	(194)
Other financial assets		61	(267)	34
Other current assets		127	(27)	(34)
Inventories		152	(296)	(628)
Other non-current assets		(3)	(5)	(25)
Accounts payable		(419)	600	701
Other current liabilities		115	46	63
Other financial liabilities		(24)	134	80
Other non-current liabilities and retirement benefit obligation		(23)	52	158
Provisions		170	161	325
Cash generated from operations		**2,458**	**3,064**	**3,291**

* See note 2 for details of the restatement due to changes in accounting policies.

38 Notes to the consolidated cash flow statement *(continued)*

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

	Short-term borrowings £m	Long-term borrowings £m	Finance lease obligations £m	Total £m
Balance at 1 April 2016	**116**	**2,373**	**11**	**2,500**
Proceeds from issue of financing	488	857	–	1,345
Repayment of financing	(443)	(57)	(4)	(504)
Arrangement fees paid	–	(13)	–	(13)
Foreign exchange	18	81	–	99
Fee amortisation	–	4	–	4
Long-term borrowings revaluation in hedge reserve	–	150	–	150
Balance at 31 March 2017	**179**	**3,395**	**7**	**3,581**
Proceeds from issue of financing	543	373	–	916
Issue of new finance leases	–	–	16	16
Repayment of financing	(546)	–	(4)	(550)
Reclassification of long-term debt	518	(518)	–	–
Foreign exchange	(40)	(39)	–	(79)
Arrangement fees paid	–	(4)	–	(4)
Fee amortisation	–	6	–	6
Reclassification of long-term debt fees	(2)	2	–	–
Long-term borrowings revaluation in hedge reserve	–	(145)	–	(145)
Fair value adjustment on loans	–	(10)	–	(10)
Balance at 31 March 2018	**652**	**3,060**	**19**	**3,731**
Proceeds from issue of financing	649	1,214	–	1,863
Issue of new finance leases	–	–	14	14
Repayment of financing	(1,250)	–	(2)	(1,252)
Reclassification of long-term debt	768	(768)	–	–
Foreign exchange	62	15	–	77
Arrangement fees paid	–	(18)	–	(18)
Fee amortisation	1	7	–	8
Reclassification of long-term debt fees	(1)	1	–	–
Bond revaluation in hedge reserve	–	103	–	103
Fair value adjustment on loans	–	(15)	–	(15)
Balance at 31 March 2019	**881**	**3,599**	**31**	**4,511**

39 Related party transactions

Tata Sons Limited is a company with significant influence over the Group's ultimate parent company Tata Motors Limited. The Group's related parties therefore include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited and subsidiaries, joint ventures and associates of Tata Motors Limited. The Group routinely enters into transactions with its related parties in the ordinary course of business, including transactions for the sale and purchase of products with its joint ventures and associates.

All transactions with related parties are conducted under normal terms of business and all amounts outstanding are unsecured and will be settled in cash.

Transactions and balances with the Group's own subsidiaries are eliminated on consolidation.

39 Related party transactions (continued)

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

	With joint ventures of the Group £m	With associates of the Group £m	With Tata Sons Limited and its subsidiaries and joint ventures £m	With immediate or ultimate parent and its subsidiaries, joint ventures and associates £m
31 March 2019				
Sale of products	321	–	3	76
Purchase of goods	–	–	–	214
Services received	–	2	170	97
Services rendered	83	–	–	1
Trade and other receivables	15	–	1	15
Accounts payable	–	–	35	52
31 March 2018				
Sale of products	703	–	4	77
Purchase of goods	–	–	–	161
Services received	64	–	162	100
Services rendered	142	1	–	2
Trade and other receivables	112	–	2	48
Accounts payable	–	–	28	59
31 March 2017				
Sale of products	568	–	3	49
Purchase of goods	2	–	–	85
Services received	124	4	172	108
Services rendered	88	–	–	2
Trade and other receivables	70	–	2	34
Accounts payable	3	–	47	27

Compensation of key management personnel

Year ended 31 March	2019 £m	2018 £m	2017 £m
Short-term benefits	10	12	14
Post-employment benefits	1	1	1
Share-based payments	–	–	3
Other long-term employee benefits	–	–	1
Compensation for loss of office	–	1	1
Total compensation of key management personnel	**11**	**14**	**20**

40 Ultimate parent company and parent company of larger group

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore) and the ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd. 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

41 Subsequent events

There have been no material subsequent events between the balance sheet date and the date of signing this report.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

As at 31 March	Note	2019 £m	2018 restated* £m	2017 £m
Non-current assets				
Investments	42	1,655	1,655	1,655
Other financial assets	43	3,628	3,093	3,423
Other non-current assets	44	2	1	4
Total non-current assets		**5,285**	**4,749**	**5,082**
Current assets				
Other financial assets	43	1,270	1,221	365
Other current assets	44	1	2	2
Cash and cash equivalents		–	1	–
Total current assets		**1,271**	**1,224**	**367**
Total assets		**6,556**	**5,973**	**5,449**
Current liabilities				
Other financial liabilities	46	37	36	29
Deferred finance income		2	4	2
Short-term borrowings	47	767	497	–
Current income tax liabilities		4	3	3
Total current liabilities		**810**	**540**	**34**
Non-current liabilities				
Long-term borrowings	47	3,594	3,070	3,395
Deferred finance income		35	24	32
Total non-current liabilities		**3,629**	**3,094**	**3,427**
Total liabilities		**4,439**	**3,634**	**3,461**
Equity attributable to equity holders of the parent				
Ordinary shares	48	1,501	1,501	1,501
Capital redemption reserve	48	167	167	167
Retained earnings		449	671	320
Total equity attributable to equity holders of the parent		**2,117**	**2,339**	**1,988**
Total liabilities and equity		**6,556**	**5,973**	**5,449**

* See note 2 for details of the restatement due to changes in accounting policies.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement. The profit for the Company for the year was £3 million (2018: £501 million, 2017: £302 million).

These parent company financial statements were approved by the JLR plc Board and authorised for issue on 31 May 2019.

They were signed on its behalf by:

PROF. DR. RALF D. SPETH
CHIEF EXECUTIVE OFFICER
COMPANY REGISTERED NUMBER: 06477691

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2018		**1,501**	**167**	**671**	**2,339**
Profit for the year		–	–	3	3
Total comprehensive income		**–**	**–**	**3**	**3**
Dividend	49	–	–	(225)	(225)
Balance at 31 March 2019		**1,501**	**167**	**449**	**2,117**
Balance at 1 April 2017		**1,501**	**167**	**320**	**1,988**
Profit for the year		–	–	501	501
Total comprehensive income		**–**	**–**	**501**	**501**
Dividend	49	–	–	(150)	(150)
Balance at 31 March 2018		**1,501**	**167**	**671**	**2,339**
Balance at 1 April 2016		**1,501**	**167**	**168**	**1,836**
Profit for the year		–	–	302	302
Total comprehensive income		**–**	**–**	**302**	**302**
Dividend	49	–	–	(150)	(150)
Balance at 31 March 2017		**1,501**	**167**	**320**	**1,988**

PARENT COMPANY CASH FLOW STATEMENT

Year ended 31 March	Note	2019 £m	2018 restated* £m	2017 £m
Cash flows used in operating activities				
Profit for the year		**3**	**501**	**302**
Adjustments for:				
Income tax expense/(credit)		1	–	(1)
Dividends received		–	(500)	(300)
Finance income		(187)	(158)	(132)
Finance expense		183	157	131
Cash flows used in operating activities before changes in assets and liabilities		**–**	**–**	**–**
Other financial assets		(446)	(724)	(949)
Other current liabilities		(1)	1	(1)
Net cash used in operating activities		**(447)**	**(723)**	**(950)**
Cash flows from investing activities				
Finance income received		197	144	136
Dividends received		–	500	300
Net cash generated from investing activities		**197**	**644**	**436**
Cash flows generated from/(used in) financing activities				
Finance expenses and fees paid		(193)	(143)	(136)
Proceeds from issuance of long-term borrowings		1,214	373	857
Repayment of borrowings		(547)	–	(57)
Dividends paid	49	(225)	(150)	(150)
Net cash generated from financing activities		**249**	**80**	**514**
Net (decrease)/increase in cash and cash equivalents		**(1)**	**1**	**–**
Cash and cash equivalents at beginning of year		1	–	–
Cash and cash equivalents at end of year		**–**	**1**	**–**

* See note 2 for details of the restatement due to changes in accounting policies.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

42 Investments

Investments consist of the following:

As at 31 March	2019 £m	2018 £m	2017 £m
Cost of unquoted equity investments at beginning and end of year	1,655	1,655	1,655

The Company has not made any investments or disposals of investments in the year.

The Company has the following 100 per cent direct interest in the ordinary shares of a subsidiary undertaking:

Subsidiary undertaking	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Holdings Limited	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England

The shareholding above is recorded at acquisition value in the Company's accounts. Details of the indirect subsidiary undertakings are as follows:

Name of company	Shareholding	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover North America, LLC.	100%	USA	100 Jaguar Land Rover Way, Mahwah, NJ 07495, USA
Jaguar Land Rover Deutschland GmbH	100%	Germany	Am Kronberger Hang 2a, 65824 Schwalbach/Ts, Germany
Jaguar Land Rover Belux N.V.	100%	Belgium	Generaal Lemanstraat 47, 2018 Antwerpen, Belgium
Jaguar Land Rover Austria GmbH	100%	Austria	Siezenheimer Strasse 39a, 5020 Salzburg, Austria
Jaguar Land Rover Italia SpA	100%	Italy	Via Alessandro Marchetti, 105 - 00148, Roma, Italy
Jaguar Land Rover Australia (Pty) Limited	100%	Australia	Level 1, 189 O' Riordon Street, Mascot, 2020, NSW, Australia
Jaguar Land Rover España SL	100%	Spain	Torre Picasso, Plaza Pablo Ruiz Picasso, 1 – Planta 42, 23020 Madrid, Spain
Jaguar Land Rover Nederland B.V.	100%	Holland	PO Box 40, Stationsweg 8, 4153 RD Beesd, Netherlands
Jaguar Land Rover Portugal Veiculos e Pecas, Lda	100%	Portugal	Edificio Escritorios do Tejo, Rua do Polo Sul, Lote 1.10.1.1 – 3.º B-3, Parish of Santa Maria dos Olivais, Municipality of Lisboa, Portugal
Jaguar Land Rover (China) Investment Co., Ltd. (formerly Jaguar Land Rover Automotive Trading (Shanghai) Co., Ltd.)	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 200126, China
Shanghai Jaguar Land Rover Automotive Service Co. Ltd	100%	China	11F, No.06 (Building D) The New Bund World Trade Center (Phase II), Lane 227 Dongyu Road, Pudong New District, Shanghai 20012, China
Jaguar Land Rover Japan Ltd	100%	Japan	Garden City Shinagawa Gotenyama Bldg. 9F, 6-7-29 Kita-Shinagawa, Shinagawa-ku, Tokyo 141-0001, Japan
Jaguar Land Rover Korea Co. Limited	100%	Korea	25F West Mirae Asset Center 1 Building 67 Suha-dong, Jung-gu Seoul 100-210, Korea
Jaguar Land Rover Canada ULC	100%	Canada	75 Courtneypark Drive West, Unit 3 Mississauga, ON L5W 0E3, Canada
Jaguar Land Rover France SAS	100%	France	Z.A. Kleber – Batiment Ellington, 165 Boulevard de Valmy, 92706 Colombes, Cedex, France
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos Ltda.	100%	Brazil	Avenida Ibirapuera 2.332, Torre I - 10º andar- Moema 04028-002, São Paulo, SP, Brazil
Jaguar Land Rover Limited Liability Company	100%	Russia	28B, Building 2 Mezhdunarodnoe Shosse 141411, Moscow, Russian Federation
Jaguar Land Rover (South Africa) Holdings Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover (South Africa) (Pty) Ltd	100%	South Africa	28 Victoria Link, Route 21 Corporate Park, Nellmapius Drive, Irene X30, Centurion, Tshwane, Gauteng, South Africa

42 Investments *(continued)*

Name of company	Shareholding	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover India Limited	100%	India	Nanavati Mahalaya, 3rd floor, 18, Homi Mody Street, Mumbai, Maharashtra, India 400001
Daimler Transport Vehicles Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
S.S. Cars Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
The Lanchester Motor Company Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
The Daimler Motor Company Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover Pension Trustees Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
JLR Nominee Company Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Cars Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Land Rover Exports Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Land Rover Ireland Limited	100%	Ireland	c/o LK Shields Solicitors, 39/40 Upper Mount Street Dublin 2, Ireland
Jaguar Cars South Africa (Proprietary) Ltd	100%	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184, South Africa
Jaguar Land Rover Slovakia s.r.o.	100%	Slovakia	Vysoka 2/B, 811 06 Bratislava, Slovakia
Jaguar Land Rover Singapore Pte. Ltd	100%	Singapore	138 Market Street, CapitaGreen, Singapore
Jaguar Racing Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 1 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 2 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 3 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
InMotion Ventures 4 Limited	100%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Jaguar Land Rover Colombia SAS	100%	Colombia	CL 67735 OFE, 1204 Bogotan Cundinamarka 1 3192 900, Colombia
Jaguar Land Rover México, S.A.P.I. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Servicios México, S.A. de C.V.	100%	Mexico	Av. Javier Barros Sierra No.540 Piso 7 Oficina 703, Col. Santa Fe la Fe Del., Alvaro Obregón, México, D.F. C.P. 01210
Jaguar Land Rover Taiwan Company Limited	100%	Taiwan	12F, No. 40, Sec. 1, Chengde Road, Datong Dist., Taipei City 103, Taiwan (R.O.C.)
Jaguar Land Rover Ireland (Services) Limited	100%	Ireland	c/o 40 Upper Mount Street, Dublin 2, Ireland
Jaguar Land Rover Classic USA LLC	100%	USA	251 Little Falls Drive, Wilmington, Delaware, USA
Jaguar Land Rover Classic Deutschland GmbH	100%	Germany	Ringstraße 38, 45219 Essen, Germany
Hungary Jaguar Land Rover Hungary KFT	100%	Hungary	1062 Budapest, Andrássy út 100, Hungary
Spark44 (JV) Limited	50.50%	England and Wales	Abbey Road, Whitley, Coventry CV3 4LF, England
Spark44 Limited	50.50%	England and Wales	The White Collar Factory, 1 Old Street Yard, London EC1Y 8AF, England
Spark44 LLC	50.50%	USA	5870 W. Jefferson Blvd, Studio H,Los Angeles, CA 90016, USA
Spark44 Canada Inc	50.50%	Canada	1059 Spadina Road, Toronto, ON M5N 2M7, Canada
Spark44 GmbH	50.50%	Germany	Querstr. 7, 60322 Frankfurt am Main, Germany
Spark44 Communications S.L.	50.50%	Spain	Prim 19, 4th floor, 28004 Madrid, Spain
Spark44 S.r.l	50.50%	Italy	Via Marcella, 4/6- 00153 Rome, Italy
Spark44 Pty Limited	50.50%	Australia	Level 5, 65 Berry Street, North Sydney , NSW 2060, Australia
Spark44 DMCC	50.50%	UAE	Unit No: 1401 &1404, Swiss Tower, Plot No: JLT-PH2Y3A Jumeirah Lakes Towers, Dubai, UAE
Spark44 Seoul Limited	50.50%	South Korea	F12, 11 Cheonggyecheon-ro, Jongno-gu, Seoul, Korea
Spark44 Singapore Pte Limited	50.50%	Singapore	138 Market Street 36-01/02 CapitaGreen, Singapore 048946
Spark44 Japan K.K.	50.50%	Japan	2-23-1-806, Akasaka, Minato-ku, Tokyo, 153-0042, Japan

42 Investments *(continued)*

Name of company	Shareholding	Principal place of business and country of incorporation	Registered office address
Spark44 Demand Creation Partners Limited	50.50%	India	Unit No. 604, 6th Floor, Sterling Centre, Dr.Annie Besant Road, Worli, Mumbai-18, Maharashtra , India
Spark44 South Africa Pty Ltd	50.50%	South Africa	21 Forssman Close, Barbeque Downs, Kyalami, South Africa
Spark44 Shanghai	50.50%	China	Rooms 6401, 6402, 6501, 6502, No.436 Ju Men Road, Huang Pu District, Shanghai, China
Spark44 Taiwan Limited	50.50%	Taiwan	18F., No.460, Sec. 4, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Spark44 Colombia S.A.S	50.50%	Colombia	Cl 72 # 10 07 oficina 401, Bogota, Colombia

Details of the indirect holdings in equity accounted investments are given in note 15 to the consolidated financial statements.

43 Other financial assets

As at 31 March	2019 £m	2018 £m	2017 £m
Non-current			
Receivables from subsidiaries	3,628	3,093	3,423
Current			
Receivables from subsidiaries	1,270	1,221	365

44 Other assets

As at 31 March	2019 £m	2018 restated* £m	2017 £m
Non-current			
Prepaid expenses	2	1	4
Current			
Prepaid expenses	1	2	2

* See note 2 for details of the restatement due to changes in accounting policies.

45 Deferred tax assets and liabilities

As at 31 March 2019, the Company has recognised no deferred tax assets or liabilities.

46 Other financial liabilities

As at 31 March	2019 £m	2018 £m	2017 £m
Current			
Interest accrued	33	32	27
Other	4	4	2
Total current other financial liabilities	**37**	**36**	**29**

47 Interest-bearing loans and borrowings

As at 31 March	2019 £m	2018 £m	2017 £m
Current portion of EURO MTF listed debt	767	497	–
Short-term borrowings	**767**	**497**	**–**
EURO MTF listed debt	2,839	3,070	3,395
Bank loans	755	–	–
Long-term borrowings	**3,594**	**3,070**	**3,395**
Total debt	**4,361**	**3,567**	**3,395**

EURO MTF LISTED DEBT

The bonds are listed on the Luxembourg Stock Exchange multilateral trading facility ("EURO MTF") market.

Details of the tranches of the bonds outstanding at 31 March 2019 are as follows:

- $500 million Senior Notes due 2023 at a coupon of 5.625 per cent per annum – issued January 2013
- £400 million Senior Notes due 2022 at a coupon of 5.000 per cent per annum – issued January 2014
- $500 million Senior Notes due 2019 at a coupon of 4.250 per cent per annum – issued October 2014
- £400 million Senior Notes due 2023 at a coupon of 3.875 per cent per annum – issued February 2015
- $500 million Senior Notes due 2020 at a coupon of 3.500 per cent per annum – issued March 2015
- €650 million Senior Notes due 2024 at a coupon of 2.200 per cent per annum – issued January 2017
- £300 million Senior Notes due 2021 at a coupon of 2.750 per cent per annum – issued January 2017
- $500 million Senior Notes due 2027 at a coupon of 4.500 per cent per annum – issued October 2017
- €500 million Senior Notes due 2026 at a coupon of 4.500 per cent per annum – issued September 2018

Details of the tranches of the bond repaid in the year ended 31 March 2019 are as follows:

- $700 million Senior Notes due 2018 at a coupon of 4.125 per cent per annum – issued December 2013

No tranches of bonds were repaid in the year ended 31 March 2018.

Details of the tranches of the bond repaid in the year ended 31 March 2017 are as follows:

- $84 million Senior Notes due 2021 at a coupon of 8.125 per cent per annum – issued May 2011

SYNDICATED LOAN

In October 2018, a $1 billion syndicate loan was issued with a coupon rate of LIBOR + 1.900 per cent per annum, due in the following tranches:

- $200 million due October 2022
- $800 million due January 2025

The contractual cash flows of interest-bearing borrowings are set out below, including estimated interest payments and assuming the debt will be repaid at the maturity date:

As at 31 March	2019 £m	2018 £m	2017 £m
Due in			
1 year or less	957	639	142
2nd and 3rd years	1,011	1,228	1,610
4th and 5th years	1,696	1,305	848
More than 5 years	1,559	1,008	1,414
Total contractual cash flows	**5,223**	**4,180**	**4,014**

48 Capital and reserves

As at 31 March	2019 £m	2018 £m	2017 £m
Authorised, called up and fully paid			
1,500,642,163 ordinary shares of £1 each	1,501	1,501	1,501
Total ordinary share capital	**1,501**	**1,501**	**1,501**

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

The capital redemption reserve of £167 million (2018, 2017: £167 million) was created in March 2011 on the cancellation of share capital.

49 Dividends

Year ended 31 March	2019 £m	2018 £m	2017 £m
Dividend proposed for the previous year paid during the year of £0.15 (2018, 2017: £0.10) per ordinary share	225	150	150
Amounts recognised as distributions to equity holders during the year	**225**	**150**	**150**
Proposed dividend for the year of £nil (2018: £0.15, 2017: £0.10) per ordinary share	–	225	150

50 Commitments and contingencies

The Company had no commitments or contingencies at 31 March 2019, 2018 or 2017.

51 Capital management

The Company's objectives when managing capital are to ensure the going concern operation of all subsidiary companies within the Group and to maintain an efficient capital structure to support ongoing and future operations of the Group and to meet shareholder expectations.

The Company issues debt, primarily in the form of bonds, to meet anticipated funding requirements and maintain sufficient liquidity. The Company also maintains certain undrawn committed credit facilities to provide additional liquidity. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries as required. Surplus cash in subsidiaries is pooled (where practicable) and invested to satisfy security, liquidity and yield requirements.

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

The following table summarises the capital of the Company:

As at 31 March	2019 £m	2018 £m	2017 £m
Long-term debt	3,594	3,070	3,395
Short-term debt	767	497	–
Total debt	**4,361**	**3,567**	**3,395**
Equity attributable to shareholder	2,117	2,339	1,988
Total capital	**6,478**	**5,906**	**5,383**

52 Financial instruments

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

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

(A) FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2019 under IFRS 9:

	Amortised cost and other financial liabilities £m	Total carrying value £m	Total fair value £m
Other financial assets – current	1,270	1,270	1,270
Other financial assets – non-current	3,628	3,628	3,628
Total financial assets	**4,898**	**4,898**	**4,898**
Other financial liabilities – current	38	38	36
Short-term borrowings	767	767	763
Long-term borrowings	3,594	3,594	3,245
Total financial liabilities	**4,399**	**4,399**	**4,044**

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2018 under IAS 39:

	Loans and receivables and other financial liabilities £m	Total carrying value £m	Total fair value £m
Other financial assets – current	1,221	1,221	1,221
Other financial assets – non-current	3,093	3,093	3,093
Total financial assets	**4,314**	**4,314**	**4,314**
Other financial liabilities – current	36	36	36
Short-term borrowings	497	497	500
Long-term borrowings	3,070	3,070	3,090
Total financial liabilities	**3,603**	**3,603**	**3,626**

52 Financial instruments (continued)

The following table shows the carrying amounts and fair value of each category of financial assets and liabilities as at 31 March 2017 under IAS 39:

	Loans and receivables and other financial liabilities £m	Total carrying value £m	Total fair value £m
Other financial assets – current	365	365	365
Other financial assets – non-current	3,423	3,423	3,423
Total financial assets	**3,788**	**3,788**	**3,788**
Other financial liabilities – current	29	29	29
Long-term borrowings	3,395	3,395	3,489
Total financial liabilities	**3,424**	**3,424**	**3,518**

Fair value hierarchy

Financial instruments held at fair value are required to be measured by reference to the following levels:

- Quoted prices in an active market (Level 1): This level of hierarchy includes financial instruments that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data.

There has been no change in the valuation techniques adopted or any transfers between fair value levels in either current or prior periods as presented.

Fair values of cash and cash equivalents, short-term borrowings and other financial assets and liabilities are assumed to approximate to cost due to the short-term maturing of the instruments and as the impact of discounting is not significant.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised in a sales transaction as of respective dates. The estimated fair value amounts as of 31 March 2019, 2018 and 2017 have been measured as of the respective dates. As such, the fair values of these financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

(B) FINANCIAL RISK MANAGEMENT

The Company is exposed to foreign currency exchange rate, interest rate, liquidity and credit risks. The Company has a risk management framework in place that monitors all of these risks as discussed below. This framework is approved by the JLR plc Board.

FOREIGN CURRENCY EXCHANGE RATE RISK

The fluctuation in foreign currency exchange rates may have potential impact on the balance sheet, statement of changes in equity and cash flow statement where any transaction references more than one currency or where assets or liabilities are denominated in a currency other than the functional currency of the Company.

As at 31 March 2019, 2018 and 2017, there are no designated cash flow hedges.

52 Financial instruments *(continued)*

The Company's operations are subject to risks arising from fluctuations in exchange rates. The risks primarily relate to fluctuations in US Dollar and Euro against Sterling as the Company has US Dollar and Euro assets and liabilities and a GBP functional currency. The following analysis has been calculated based on the gross exposure as of the parent Company balance sheet date that could affect the income statement.

The following table sets forth information relating to foreign currency exposure as at 31 March 2019:

As at 31 March	US Dollar £m	Euro £m
Financial assets	2,324	999
Financial liabilities	(2,323)	(998)
Net exposure asset	**1**	**1**

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2018:

As at 31 March	US Dollar £m	Euro £m
Financial assets	1,945	572
Financial liabilities	(1,942)	(572)
Net exposure asset	**3**	**–**

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

The following table sets forth information relating to foreign currency exposure as at 31 March 2017:

As at 31 March	US Dollar £m	Euro £m
Financial assets	1,783	560
Financial liabilities	(1,783)	(560)
Net exposure asset	**–**	**–**

A 10 per cent appreciation/depreciation of the US Dollar or Euro would result in an increase/decrease in the Company's net profit before tax and net assets by approximately £nil and £nil respectively.

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will lead to changes in interest income and expense for the Company.

The Company is presently funded with long-term fixed interest rate borrowings and long-term variable-rate borrowings. The Company is also subject to variable interest rates on certain other debt obligations.

As at 31 March 2019, net financial assets of £503 million (2018: £1,184 million, 2017: £335 million) were subject to a variable interest rate. An increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact of £5 million (2018: £12 million, 2017: £3 million).

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year-end balances are not necessarily representative of the average debt outstanding during the year.

52 Financial instruments *(continued)*

LIQUIDITY RATE RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund ongoing operations without the need to carry significant net debt over the medium term. The quantum of committed borrowing facilities available to the Company is reviewed regularly and is designed to exceed forecast peak gross debt levels.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments:

As at 31 March 2019	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Financial liabilities						
Long-term borrowings	3,594	5,186	946	449	1,595	2,196
Short-term borrowings	767	767	767	–	–	–
Other financial liabilities	38	37	11	11	15	
Total contractual maturities	**4,399**	**5,990**	**1,724**	**460**	**1,610**	**2,196**

As at 31 March 2018	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Financial liabilities						
Long-term borrowings	3,070	3,638	120	824	1,686	1,008
Short-term borrowings	497	513	513	–	–	–
Other financial liabilities	36	32	10	7	15	–
Total contractual maturities	**3,603**	**4,183**	**643**	**831**	**1,701**	**1,008**

As at 31 March 2017	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Financial liabilities						
Long-term borrowings	3,395	3,982	133	687	1,748	1,414
Other financial liabilities	29	35	12	10	13	–
Total contractual maturities	**3,424**	**4,017**	**145**	**697**	**1,761**	**1,414**

CREDIT RISK

Financial instruments that are subject to concentrations of credit risk consist of loans to subsidiaries based in a variety of geographies and markets.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure.

Financial assets
None of the Company's cash equivalents or other financial receivables, including term deposits with banks, are past due or impaired. Regarding other financial assets that are neither past due nor impaired, there were no indications as at 31 March 2019 (2018, 2017: no indications) that defaults in payment obligations will occur.

53 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Short-term borrowings £m	Long-term borrowings £m
Balance at 1 April 2016	**–**	**2,373**
Proceeds from issue of financing	–	857
Repayment of financing	–	(57)
Arrangement fees paid	–	(13)
Foreign exchange	–	231
Fee amortisation	–	4
Balance at 31 March 2017	**–**	**3,395**
Proceeds from issue of financing	–	373
Reclassification of long-term debt	518	(518)
Foreign exchange	(19)	(184)
Arrangement fees paid	–	(4)
Fee amortisation	–	6
Reclassification of long-term debt fees	(2)	2
Balance at 31 March 2018	**497**	**3,070**
Proceeds from issue of financing	–	1,214
Repayment of financing	(547)	–
Reclassification of long-term debt	768	(768)
Foreign exchange	49	88
Arrangement fees paid	–	(18)
Fee amortisation	1	7
Reclassification of long-term debt fees	(1)	1
Balance at 31 March 2019	**767**	**3,594**

54 Related party transactions

Tata Sons Limited is a company with significant influence over the Company's ultimate parent company Tata Motors Limited. The Company's related parties therefore include Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited and subsidiaries, associates and joint ventures of Tata Motors Limited. The Company routinely enters into transactions with these related parties in the ordinary course of business.

The following table summarises related party balances:

	With subsidiaries £m	With immediate parent £m
31 March 2019		
Loans to subsidiaries of Tata Motors Limited	4,898	–
31 March 2018		
Loans to subsidiaries of Tata Motors Limited	4,314	–
31 March 2017		
Loans to subsidiaries of Tata Motors Limited	3,788	–

Compensation of key management personnel

Year ended 31 March	2019 £m	2018 £m	2017 £m
Short-term benefits	4	4	5
Post-employment benefits	–	–	1
Total compensation of key management personnel	**4**	**4**	**6**

Apart from the six directors, the Company did not have any employees and had no employee costs in the years ended 31 March 2019, 2018 and 2017. All directors' costs are fully recharged to Jaguar Land Rover Limited.

55 Ultimate parent company and parent company of larger group

The immediate parent undertaking is TML Holdings Pte. Ltd. (Singapore) and ultimate parent undertaking and controlling party is Tata Motors Limited, India, which is the parent of the smallest and largest group to consolidate these financial statements.

Copies of the TML Holdings Pte. Ltd. (Singapore) consolidated financial statements can be obtained from the Company Secretary, TML Holdings Pte. Ltd. 9 Battery Road #15-01 MYP Centre, Singapore 049910.

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the Company Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai-400001, India.

56 Subsequent events

There have been no material subsequent events between the balance sheet date and the date of signing this report.

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