Jaguar Land Rover Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

Registered number: 01672070

For the year ended 31 March 2023

Directors

B. R. Bergmeier
N. Blenkinsop
N. P. Collins
F. A. Dossa
L. P. J. Hoornik
H. Kirner
A. J. Mardell
Professor G. G. McGovern
R. J. Molyneux
T. Müller
Q. Pan
H. B. B. Sorensen
D. M. Williams

Company secretaries

A. J. Beaton
D. A. R. Berry
A. L. Rees-Browne

Registered office

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STRATEGIC REPORT

The directors present their Strategic Report for Jaguar Land Rover Limited ('the Company') for the year ended 31 March 2023.

Principal activity

The Company's principal activity during the year was the design, development, manufacture and marketing of modern luxury vehicles and services in a variety of global sectors. The product range is constantly being improved and updated as part of the Company's commitment to provide desirable, technically advanced and highly profitable vehicles.

Review of business and future developments

This year, the Company has made steady progress transforming Jaguar Land Rover ('JLR') into a modern luxury business, with sustainability at its heart. This has been achieved in the face of persistent, difficult global economic conditions, which posed significant headwinds during FY22. These included managing the ongoing effects of the Covid-19 pandemic, in particular the shortage of semiconductors; and a battle against inflationary pressures, which particularly impacted the Company in the first half of the year.

Key milestones driving the Company's transformation this year were the successful global launch of the award-winning New Range Rover Sport, joining the New Range Rover in defining the Company's modern luxury philosophy to the world, as well as expanding the Defender collection with an eight-seat 130 model and introducing the new electric hybrid powertrain to the Range Rover collection.

As semiconductor supplies gradually eased across the year, this enabled the Company to increase the production of the New Range Rover, New Range Rover Sport and Defender vehicles in particular.

The improving trend of wholesales across all markets resulted in full year revenues for the Company of £20,212 million (2022: £15,158 million), up 33 per cent year on year.

The Company continues to see strong demand to support further sales growth as evidenced by a JLR order book of circa 200,000 units at 31 March 2023 (compared to circa 168,000 at the end of FY2021/22).

During the year the Company entered the next phase of its Refocus transformation programme, evolving to a simplified business excellence operating model designed to drive sustainable value creation, results and growth.

Refocus has already created significant results for the Company's business and culture. Through the Charge and Accelerate cost saving and transformation journey to date, the Company has created the right foundation of cost control, waste elimination and cross functional collaboration to help it focus on sustainable value creation and business excellence to deliver true sustainable growth. This new era and approach is an evolution referred to as Refocus 2.0.

As the Company reimagines how it engages with its clients to serve them with a true modern luxury experience, the Company has chosen a House of Brands organisation, to amplify the unique DNA of each of JLR's brands – Range Rover, Defender, Discovery, and Jaguar - and accelerate the delivery of JLR's vision to be proud creators of modern luxury.

By taking this approach, the Company will grow each brand's individuality, desirability and appeal in a way that meets the unique needs of its global client base. The Land Rover name will remain on the Company's vehicles, reinforcing the Company's all-terrain credentials and technology capabilities.

This year the Company expanded its Range Rover and Defender collections and introduced significant updates across its portfolio. In the coming years pure-electric versions of the Range Rover, Defender and Discovery collections will be launched. This starts with the pure-electric Range Rover, for which pre-orders will start being taken later this year.

Meanwhile, the first of three new Jaguar designs has been announced, being a 4-door GT, built in Solihull with a power output greater than any previous Jaguar and a range of up to 700 km (430 miles). More details of the new Jaguar designs will be released later this year, before going on sale in selected markets in 2024, for client deliveries in 2025.

As the Company prepares for an electric-first future, the Company is taking steps to ensure its people have the skills vital to electrification, digital and autonomous cars.

Further information on the purpose, strategy and sustainability initiatives of Jaguar Land Rover Automotive plc and its subsidiaries ('the Group'), of which the Company is a part, can be found in the Strategic Report of the Jaguar Land Rover Automotive plc ('JLRA plc') Annual Report for the year ended 31 March 2023. This report can be obtained from the Company's registered office.

STRATEGIC REPORT (continued)

Review of business and future developments (continued)

Key performance indicators

The key performance indicators (KPIs) used are set out below:

KPI	Commentary	2023	2022
Turnover	Increase due to higher wholesales in all markets as semiconductor shortage pressures eased.	£20,212 million	£15,158 million
Loss before tax	Decrease in loss before tax primarily driven by higher wholesales, favourable sales mix, lower incentive spending and improved pricing offset cost increases in manufacturing and selling. This has been partially offset by adverse exchange and commodities valuations.	£535 million	£1,217 million
Net assets	Decrease in net assets is primarily driven by lower tangible and intangible assets. Reductions in borrowings have been offset by adverse movements in derivative financial instruments and working capital movements.	£1,560 million	£2,333 million
Headcount (average)	Increase in headcount due to growth in manufacturing and product development to support the continued expansion of the Company.	30,359 employees	28,406 employees

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The principal risks and uncertainties of the Group, of which the Company is part, are included in the JLRA plc Annual Report for the year ended 31 March 2023 on pages 46 to 49. The principal risks and uncertainties are considered at a group level and are considered to be similar to those of the Company.

The risks outlined on pages 46 to 49 of the JLRA plc Annual Report during the year ended 31 March 2023 that are relevant to the Company are as follows:

- Competitive business efficiency;
- Global economic and geopolitical environment;
- Brand positioning;
- Rapid technology change;
- Environmental regulations and compliance;
- Litigation / Regulatory;
- Supply chain disruptions;
- Information security;
- Client service delivery;
- Manufacturing operations; and
- Human capital.

Outlined below is further detail regarding the new principal risks introduced during the year ended 31 March 2023:

Strategic	**Consequences**	**Management of risk**
Rapid technology change Technology in the automotive industry is evolving rapidly, particularly with respect to autonomy, connectivity and electrification. Falling behind with technology trends will increase the risk of not meeting the expectations of both our new and existing clients.	Any delay in the launch of technologically intensive products, or if the technology in our products becomes relatively obsolete, could impact sales as clients move to purchase products from our competitors.	Modern luxury is furthered by our passion to innovate. We prioritise the development of autonomous, connected, electrified and shared technologies, which is inherently sustainable. We deliver modernist design philosophy and authentically build desirability and emotional engagement for our brands. It means we create inspirational, exclusive and exceptional experiences for our clients.
Legal and compliance	**Consequences**	**Management of risk**
Litigation / Regulatory The litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Various legal proceedings, claims and governmental investigations are pending against the Company on a wide range of topics, including vehicle safety, defective components, systems or general design defects, emissions and fuel economy, competition, alleged violations of law, labour, dealer, supplier and other contractual relationships, intellectual property rights, product warranties and environmental matters.	Failure to comply with laws and regulations could expose the Company to civil and/or criminal actions leading to damages, product recalls or other regulatory measures, fines and/ or criminal sanctions with negative impact on our corporate reputation.	The Company is committed to complying with relevant laws and regulations. Our specialist teams in areas such as Engineering, Quality, Legal and Compliance are responsible for monitoring legal and regulatory developments, setting detailed standards and ensuring awareness of and compliance with those standards. See Note 2 for accounting information and for a discussion of accounting policy for litigation. Beyond amounts provided with respect to all aforementioned matters the Company does not consider there to be any probable loss arising and no matters which require further disclosure as a contingent liability[1].

[1] **Competition/Regulatory**
In March 2022, the European Commission and UK Competition and Markets Authority (CMA) conducted inspections at the premises of, and sent out formal requests for information to, several companies and associations active in the automotive sector. The investigations concern possible infringements in relation to the collection, treatment and recovery of end-of-life cars and vans which are considered waste (ELVs). We understand the scope of the investigations will involve determining whether manufacturers and importers of cars and vans coordinated (i) the compensation of ELV collection, treatment, and recovery companies, and (ii) the use of data relating to the recyclability or recoverability of ELVs in advertising materials, and whether such conduct amounts to an infringement of relevant competition laws. The Company was not the subject of any inspections but since that time JLR has received requests for information and is cooperating with the European Commission and CMA. The inspections and requests for information are preliminary investigatory steps and do not prejudge the outcome of the investigations. If an infringement is established, there are a range of possible remedies, including a fine and/or the prohibition of certain business practices. Given that the investigations are at an early stage, it is difficult to predict the outcome or what remedies, if any, may be required.

STRATEGIC REPORT (continued)

Statement of Corporate Governance Arrangement

For the year ended 31 March 2023, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has continued to apply the Wates Corporate Governance Principles for Large Private Companies ('Wates Principles') (published by the Financial Reporting Council ('FRC') in December 2018 and are available on the FRC website).

The Company has applied the Wates Principles as an appropriate framework when making a disclosure regarding corporate governance arrangements. The Company's reporting against the Wates Principles has been included below. The Company remains committed to ensuring effective governance is in place to deliver its core values, as this is the foundation on which it manages and controls its business and provides the platform for sustainable profitability.

Section 172 Companies Act 2006

The Wates Principles provide a framework for the Company to not only demonstrate how the board of directors ('the Board') makes decisions for the long-term success of the Company and its stakeholders, but also having regard to how the Board ensures the Company complies with the requirements of Section 172 (1)(a) to (f) of the Companies Act 2006.

The Board provides supervision and guidance to management, particularly with respect to corporate governance, business strategies and growth plans. It also considers the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfilment and capital expenditure requirements, as well as the review of business plans and targets.

Examples of actions taken by the Board are reviewing and making decisions concerning operational planning associated with the latest five-year business plan of JLR, and evaluating the performance against budget and forecast. The Board is also responsible for overseeing the implementation of appropriate risk assessment processes and controls to identify, manage and mitigate the principal risks to the Company. This includes the review, approval and communication of the risk management policy and framework.

Our reporting against the Wates Principles for JLRA plc has been included below in these financial statements as the Board considers the key decisions made are consistent with those included within JLRA plc accounts.

The details on how Section 172 of the Companies Act 2006 has been addressed are summarised as follows:

a) The likely consequences of any decision in the long term

The Board annually approve the Business Plan and monitors its implementation throughout the year. External factors are also considered such as economic, political and ongoing challenges within the market as a part of the five-year plan to ensure both financial and operating strategy is set at sustaining and achieving the long-term success of the Company. To further enhance and support the long-term strategy, the Company entered into a number of debt funding arrangements during the financial year.

b) The interests of the Company's employees

The Board understand the importance of the Company's employees to the long-term success of the business. The Company regularly communicates to its employees through presentations, internal group-wide emails and newsletters. A pulse survey undertaken annually allows employees to formally provide feedback to further support the long-term plans of the Company.

Learning and development continues to be an important area of support to employees through both training days and e-learning modules. Internal networks to support wellbeing have been established to provide and create communities to discuss and share support on mental health, general wellbeing and advice on the coronavirus outbreak. The Company proudly supports the growing number of active diversity and inclusion employee-led networks both in the UK and overseas. These include Pride, REACH, Armed Forces, Gender Equality, Shine, Disability and a number of religious groups.

c) The need to foster the Company's business relationships with suppliers, customers and others

The Board understand the importance of the Company's supply chain in delivering the long-term plans of the Company. The Company's principal risks and uncertainties set out risks that can impact the long-term success of the Company and how these risks interact with stakeholders. The Company's suppliers of production and non-production goods and services play an integral role in the business and help the Company to operate globally. The Company has key objectives and principles which are set out clearly in the Global Supplier Management policy. Ensuring this policy is followed to achieve consistent and best practice in the Company's relationships with suppliers, in addition to ensuring ethical behaviour, sustainability and health and safety is considered critical to the success of business relationships.

STRATEGIC REPORT (continued)

Section 172 Companies Act 2006 (continued)

The Board monitor the Company's engagement with their customers through the use of various Customer Experience Insight tools which helps collate feedback from time of vehicle purchase onwards. This process is run internally and enables both the Company and retailers globally to help improve customer engagement.

Other regular customer feedback mechanisms exist through a variety of syndicated surveys to provide and offer external and independent feedback.

The Board actively seek information on the interaction with stakeholders and employees to ensure that they have sufficient information to reach appropriate conclusions about the risks faced by the Company.

d) The impact of the Company's operations on the community and environment

The Board set strategies and as part of their corporate decision making have regard to ensuring dialogue and safeguarding is in place with investors, stakeholders and employees, thereby effecting a positive social and environmental impact. This is demonstrated through the Company's financial and non-financial reporting.

The key governance issues around conflicts of interest, oversight, accountability, transparency and ethics violations are considered to be a critical and core aspect to the Company's ESG approach.

e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Company is committed to fostering a more diverse, inclusive and unified culture that is representative of its customers and the society in which it exists; a culture where every employee can bring their authentic self to work and feel empowered to reach their full potential.

Directors and employees are required to comply with the JLR Code of Conduct, which is intended to help them put the Company's ethical principles into practice to demonstrate responsible business. The Code of Conduct clarifies the basic principles and standards they are required to follow and the behaviour expected of them.

f) The need to act fairly between members of the Company

The Group is owned by Tata Motors Limited and collectively are committed to continuing to build future growth through new models through a roadmap that provides a clear direction for the business and the Company's two brands.

There is close collaboration and knowledge-sharing with the Tata group of companies to enhance sustainability and reduce emissions as well as sharing best practice in next-generation technology, data and software development leadership.

Wates principle 1 – Purpose and leadership

The Board rigorously challenges strategy, performance, responsibility and accountability so that every decision made is of the highest quality. The Board actively ensure through meetings and careful consideration of all economic, geopolitical and environmental factors that the appropriate strategy and decisions are made.

The Board have continued to build on the Reimagine and Refocus transformation programme delivering new strategic partnerships and savings to strengthen the Company's strategic vision. Refocus 2.0 seeks to build on the strong foundations of these existing programmes to deliver business excellence.

Wates principle 2 – Board composition

The Company regularly evaluate the balance of skills, experience, knowledge and independence of the directors. The size and composition of the Board is considered to be appropriate with all members contributing to a wide variety of experience.

Wates principle 3 – Director responsibilities

Effective risk management is central to achieving the Company's strategic objectives and is a core responsibility of the Board. The governance structure of the Group, of which the Company is a subsidiary, ensures good governance is achieved through effective committees tackling core areas of focus for the members of the Group on a regular basis.

The work of the Board executes the strategy and ensures the governance principles agreed with the JLRA plc board of directors, with the Board operating under the direction and authority of the Chief Executive Officer to support in the execution of the Group's strategy, including evaluating the Group's performance against budget and forecast.

STRATEGIC REPORT (continued)

Section 172 Companies Act 2006 (continued)

The Board is also responsible for overseeing the implementation of appropriate risk assessment processes and controls to identify, manage and mitigate the principal risks to the Group, and in doing so, provide support to the boards of directors of other Group companies.

Details of the other committees and governance structures of the Group are contained on pages 55 to 59 in the JLRA plc Annual Report for the year ended 31 March 2023.

Wates principle 4 – Opportunity and risk

The Board have oversight of the identification and mitigation of risks for the Company and in the context of the Company as a subsidiary of JLRA plc. The principal risks of the Company are set out in in the JLRA plc Annual Report for the year ended 31 March 2023 on pages 46 to 49. A summary of these risks and details of new risks arising in the year are outlined in the Strategic Report on page 6.

Wates principle 5 - Remuneration

The Nominations and Remuneration Committee of JLRA plc ensures that appropriate senior management is recruited to deliver on the Group's objectives. The Nominations and Remuneration Committee has clearly defined Terms of Reference and is responsible for remuneration strategy, recruitment and long-term incentive plans for senior executives. The composition and role of the Nominations and Remuneration Committee and policies are included in the JLRA plc Annual Report for the year ended 31 March 2023.

Wates principle 6 – Stakeholder relationship and engagement

The JLRA plc board of directors continues to promote accountability and transparency with all stakeholders and shareholders and effectively communicates the Company's strategic direction. Interaction and communication with customers and suppliers are set out in the Strategic Report of the JLRA plc Annual Report for the year ended 31 March 2023.

Maintaining strong relationships with shareholder and bond investors is crucial to achieving the Company's aims.

Streamlined energy and carbon reporting

Parameter	FY2022/23	FY2021/22
Energy consumption used to calculate emissions: kWh	1,055,904,317	1,017,618,240
Emissions from combustion of gas tCO_2e (scope 1)	105,577	99,872
Emissions from combustion of fuel, tCO_2e, including transport (scope 1)	9,637	8,531
Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel tCO2e (scope 3)	1,051	632
Emissions from purchased electricity tCO_2e (scope 2, location-based)	82,430	91,264
Total gross tCO_2e based on above	198,695	200,299
Intensity ratio: tCO_2e/£m	8.71	10.93

Data compiled in accordance with the Greenhouse Gas Protocol for Corporate Accounting and Reporting. UK Government conversion factors are used for calculating SECR CO2e, and for electricity the location-based approach uses UK average grid intensity conversion factors (DESNZ/BEIS 2023). JLR continues to purchase 100% renewable-backed electricity for all core UK operations.

The Strategic Report has been approved by the Board on 25 September 2023 and signed on its behalf by:

D. A. R. Berry
Company Secretary

Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the Company for the year ended 31 March 2023. The Company is a private company limited by shares.

Results and dividends

The income statement shows a loss after tax for the financial year of £486 million (2022: £1,282 million).

No interim dividends were paid during the year (2022: £nil) and the directors do not recommend payment of a dividend in respect of the financial results for the year ended 31 March 2023 (2022: £nil).

Directors

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

B. R. Bergmeier	(Appointed 1 July 2022)
N. Blenkinsop	
T. Y. H. Bolloré	(Resigned 31 December 2022)
N. P. Collins	
F. A. Dossa	
L. P. J. Hoornik	
H. Kirner	
A. J. Mardell	
Professor G. G. McGovern	
R. J. Molyneux	(Appointed 12 December 2022)
T. Müller	(Appointed 1 April 2022)
Q. Pan	
H. B. B. Sorensen	
D. M. Williams	

Directors' indemnities

The Company's intermediate parent, JLRA plc, maintained directors' liability insurance for all directors during the financial year and subsequently.

Branches

The Company has three branches which exist and operate outside of the UK based in the United Arab Emirates.

Going concern

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

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

The going concern assessment for the Company is dependent on JLRA plc not seeking repayment of the amounts currently due directly or indirectly to the Group, except in instances where the Company has sufficient liquidity to make such payments, and providing additional financial support during that period. See note 25 for the liability positions with fellow Group undertakings at 31 March 2023.

JLRA plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date during the going concern assessment period, except in instances where the Company has sufficient liquidity to make such payments. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

In recent years, the Company has demonstrated its operational and financial resilience and ability to manage business risks successfully, responding to challenges arising including the global shortage of semiconductors and prevailing financial conditions including inflationary pressures on material and other costs. The Company has therefore adopted the going concern basis of preparation in its annual financial statements for the year ended 31 March 2023. The Company's directors have challenged the Company's forecasts and also concluded that JLRA plc has both the ability and intent to provide financial support to the Company, even in a severe but plausible downside scenario. Details pertaining to the most recent going concern assessment performed for JLRA plc are disclosed in its interim report for the three-month period ended 30 June 2023, which is available from its registered office.

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

Business review and future developments

A business review and future developments impacting the Company are disclosed in the '*Review of business and future developments*' section of the Strategic Report on page 4.

Financial instruments

The disclosures required in relation to the use of financial instruments by the Company, together with details of the Company's treasury policy and management are set out in note 34 to the financial statements.

Research and development

The Company has incurred £1,688 million (2022: £1,294 million) of research and development costs during the financial year. The Company is committed to a continuing programme of major expenditure on research and development as disclosed in note 9 to the financial statements.

Employee engagement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The directors understand the importance of the Company's employees to the long-term success of the business. During the year, Pulse Surveys to capture and monitor employee satisfaction along with monthly communications to update all employees on financial performance and business challenges experienced with the Company are undertaken.

Implementing and taking action based on feedback received from employees has resulted in better support for health and wellbeing through the development of a wellbeing website. Learning and development courses and internal network groups to support various interests has also been encouraged.

Details of how the Group involves its employees are contained in the 'Our People' section of the corporate website at www.jaguarlandrover.com.

Employee information

The average number of employees of the Company is disclosed in note 6 to the financial statements.

The Company is committed to a workplace that is inclusive and values diversity. It is the policy of the Company that the training, career development and promotion opportunities for disabled people should be identical to that of other employees. The Company actively encourages a diversity of applicants for all job vacancies.

In the event of members of staff becoming disabled every reasonable effort is made by the Company to ensure that they can continue to contribute fully within the organisation.

Apart from determining that an individual has the ability to carry out a particular role, the Company does not discriminate in any way. It endeavours to retain employees if they become disabled, making reasonable adjustments to their role and, if necessary, looking for redeployment opportunities within the Company. The Company also ensures that training, career development and promotion opportunities are available to all employees irrespective of gender, race, age or disability.

DIRECTORS' REPORT (CONTINUED)

Political involvement and contributions

The Company respects an employee's right to use their own time and resources to participate as individual citizens in political and governmental activities of their choice. The Company itself operates under legal limitations on its ability to engage in political activities, and even where there are no legal restrictions, the Company does not typically make contributions to political candidates or political parties or permit campaigning on its property by political candidates (including those who work for the Company) or persons working on their behalf. There have not been any political donations in any of the periods covered by these financial statements.

Slavery and human trafficking statement

Pursuant to Section 54 of the Modern Slavery Act 2015, JLR has published a Slavery and Human Trafficking Statement. The statement sets out the steps that JLR has taken to address the risk of slavery and human trafficking occurring within its own operations and its supply chains. The latest statement can be found on the corporate website at www.jaguarlandrover.com.

Events after the balance sheet date

Full details of significant events since the balance sheet date are disclosed in note 39 to the financial statements.

Independent auditor

During the year ended 31 March 2023, KPMG LLP were re-appointed as the Company's auditor.

In accordance with Section 487 of the Companies Act 2006, the Company has elected to dispense with laying financial statements before the general meeting, holding annual general meetings and the annual appointment of the auditor. With such an election in force the Company's auditor shall be deemed to be re-appointed for each succeeding financial year in accordance with Section 485 of the Act.

Statement of disclosure of information to auditor

In the case of each of the persons who are directors at the time when the report is approved under Section 418 of the Companies Act, 2006 the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken necessary actions in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' Report was approved by the Board and signed on its behalf by:

D. A. R. Berry
Company Secretary
25 September 2023

Abbey Road
Whitley
Coventry
CV3 4LF
United Kingdom

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Opinion

We have audited the financial statements of Jaguar Land Rover Limited ("the Company") for the year ended 31 March 2023 which comprise the Income Statement, Statement of Comprehensive Income and Expense, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

During 2023, we identified that a KPMG member firm had provided preparation of local GAAP financial statement services which were prohibited over the periods ending 31 March 2021 to 31 March 2023 to a controlled undertaking of the Company. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The services had no direct or indirect effect on the Company's financial statements.

In our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. The directors concurred with this view.

Going concern

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

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

Our conclusions based on this work:

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

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, internal audit and certain senior managers as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board committee minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Using our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Company.

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

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk of bias in accounting estimates; and
- the risk that new vehicle revenue is overstated through recording revenues in the wrong period.

We also identified a fraud risk related to inappropriate capitalisation of development costs and inappropriate impairment assumptions in relation to the value in use estimate, in response to possible pressures to meet profit targets. In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user, those posted to unusual accounts, and those moving costs from accounts ineligible for capitalisation to accounts that are eligible as capitalised project engineering costs.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.
- Assessing when revenue was recognised, particularly focusing on revenue recognised in the days before the year end date, and whether it was recognised in the correct year.
- Critically assessing the directors' judgements regarding identified product engineering development costs capitalised in relation to against both the accounting standards and our experience of practical application of these standards in other companies.

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

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

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

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

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

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

Strategic Report and Directors' Report

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

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

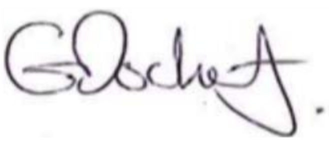
Auditor's responsibilities

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

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

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.



Gordon Docherty
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Date: 26 September 2023

INCOME STATEMENT

Year ended 31 March (£ millions)	Note	2023	2022
Revenue	4	20,212	15,158
Material and other cost of sales*	5	(12,908)	(9,556)
Employee costs*	6	(2,182)	(1,950)
Other expenses*	8	(4,303)	(3,315)
Exceptional items	3	160	(10)
Engineering costs capitalised	9	718	455
Other income	10	220	190
Depreciation and amortisation	12	(1,974)	(1,901)
Foreign exchange (loss)/gain and fair value adjustments		(89)	43
Finance income	11	157	71
Finance expense	11	(546)	(402)
Loss before tax	12	**(535)**	**(1,217)**
Income tax credit/(expense)	13	49	(65)
Loss for the year		**(486)**	**(1,282)**

*'Material and other cost of sales', 'Employee costs' and 'Other expenses' exclude the exceptional items explained in note 3.

All activities of the Company are from continuing operations.

The notes on pages 21 to 79 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

Year ended 31 March (£ millions)	Note	2023	2022
Loss for the year		**(486)**	**(1,282)**
Items that will not be reclassified subsequently to profit and loss:			
Remeasurement of net defined benefit obligation	32	(99)	705
Income tax related to items that will not be reclassified	19	19	(129)
		(80)	**576**
Items that may be reclassified subsequently to profit and loss:			
Net loss on cash flow hedges		(135)	(899)
Income tax related to items that may be reclassified	19	(108)	205
		(243)	**(694)**
Other comprehensive expense net of tax		**(323)**	**(118)**
Total comprehensive expense attributable to shareholder		**(809)**	**(1,400)**

The notes on pages 21 to 79 are an integral part of these financial statements.

BALANCE SHEET

As at 31 March (£ millions)	Note	2023	2022
Non-current assets			
Investments	14	1,080	1,080
Other financial assets	16	129	166
Property, plant & equipment	17	4,893	5,295
Intangible assets	18	4,630	4,879
Right-of-use assets	35	414	347
Pension asset	32	581	434
Other non-current assets	23	79	37
Total non-current assets		**11,806**	**12,238**
Current assets			
Cash and cash equivalents	20	3,196	3,776
Short-term deposits and other investments		105	175
Trade receivables	15	2,001	1,503
Other financial assets	16	532	832
Inventories	22	1,992	1,991
Other current assets	23	510	375
Assets classified as held for sale		26	2
Total current assets		**8,362**	**8,654**
Total assets		**20,168**	**20,892**
Current liabilities			
Accounts payable	24	4,812	4,135
Short-term borrowings	25	9,450	10,536
Other financial liabilities	26	958	895
Provisions	27	944	835
Other current liabilities	28	155	178
Total current liabilities		**16,319**	**16,579**
Non-current liabilities			
Long-term borrowings	25	35	34
Other financial liabilities	26	879	625
Provisions	27	993	1,001
Other non-current liabilities	28	382	320
Total non-current liabilities		**2,289**	**1,980**
Total liabilities		**18,608**	**18,559**
Equity attributable to shareholder			
Ordinary share capital	29	3,561	3,561
Other reserves	30	(2,001)	(1,228)
Equity attributable to shareholder		**1,560**	**2,333**
Total liabilities and equity		**20,168**	**20,892**

The notes on pages 21 to 79 are an integral part of these financial statements.

These financial statements were approved by the Board and authorised for issue on 25 September 2023. They were signed on its behalf by:

Richard Molyneux
Director
Company registered number: 01672070

STATEMENT OF CHANGES IN EQUITY

(£ millions)	Ordinary Share Capital	Reserves	Total Equity
Balance at 1 April 2022	3,561	(1,228)	2,333
Loss for the year	-	(486)	(486)
Other comprehensive expense for the year	-	(323)	(323)
Total comprehensive expense	**-**	**(809)**	**(809)**
Amounts removed from hedge reserve and recognised in inventory	-	46	46
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	(10)	(10)
Balance at 31 March 2023	**3,561**	**(2,001)**	**1,560**

(£ millions)	Ordinary Share Capital	Reserves	Total Equity
Balance at 1 April 2021	**3,561**	**52**	**3,613**
Loss for the year	-	(1,282)	(1,282)
Other comprehensive income for the year	-	(118)	(118)
Total comprehensive expense	**-**	**(1,400)**	**(1,400)**
Amounts removed from hedge reserve and recognised in inventory	-	147	147
Income tax related to amounts removed from hedge reserve and recognised in inventory	-	(27)	(27)
Balance at 31 March 2022	**3,561**	**(1,228)**	**2,333**

The notes on pages 21 to 79 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 BACKGROUND AND OPERATIONS

The Company's principal activity during the year was the design, development, manufacture and marketing of high-performance luxury saloons, specialist sports cars, four-wheel drive off-road vehicles and related components.

The Company is limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom. The Company is an indirect subsidiary of Tata Motors Limited, India ('Tata Motors Limited').

These financial statements have been prepared in Pound Sterling (GBP) and rounded to the nearest million (£ million) unless otherwise stated.

2 ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is exempt from preparing consolidated group financial statements under Section 400 of the Companies Act 2006 and therefore these financial statements contain information about the Company and not its group. The Company is included in the consolidated financial statements of JLRA plc which are available from the Company's registered office.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period as explained in the principal accounting policies set out below.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - Paragraph 79(a)(iv) of IAS 1;
  - Paragraph 73I of IAS 16, 'Property, plant and equipment'; and
  - Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

- IAS 7, Statement of cash flows.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- The following paragraphs of IFRS 15 Revenue:
  - 113(a), 114 and 115 (disaggregated and total revenue from contracts with customers);
  - 118 (explanation of significant changes in contract assets and liabilities);
  - 119(a) – (c) (description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred)
  - 120 – 122 (aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised);
  - 123, 125 and 127(a) (significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract); and
  - 124, 126 and 127(b) (methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract)

GOING CONCERN

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

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

The going concern assessment for the Company is dependent on JLRA plc not seeking repayment of the amounts currently due directly or indirectly to the Group, except in instances where the Company has sufficient liquidity to make such payments and providing additional financial support during that period. See note 25 for the liability positions with fellow Group undertakings at 31 March 2023.

JLRA plc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date during the going concern assessment period, except in instances where the Company has sufficient liquidity to make such payments. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

In recent years, the Company has demonstrated its operational and financial resilience and ability to manage business risks successfully, responding to challenges arising including the global shortage of semiconductors and prevailing financial conditions including inflationary pressures on material and other costs. The Company has therefore adopted the going concern basis of preparation in its annual financial statements for the year ended 31 March 2023. The Company's directors have challenged the Company's forecasts and also concluded that JLRA plc has both the ability and intent to provide financial support to the Company, even in a severe but plausible downside scenario. Details pertaining to the most recent going concern assessment performed for JLRA plc are disclosed in its interim report for the three-month period ended 30 June 2023, which is available from its registered office.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

GOING CONCERN (CONTINUED)

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

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS 101 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 Company are discussed separately below:

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant effect on the amounts recognised in the financial statements.

Revenue recognition: The Company uses judgement to determine when control of its goods, primarily vehicles and parts, pass to the customer. This is assessed with reference to indicators of control, including the risks and rewards of ownership and legal title with reference to the underlying terms of the customer contract. Refer to 'Revenue recognition' on page 25 for further information.

Assessment of cash-generating units: The Company 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 for further information.

Exceptional items: The Company exercises judgement in determining the adjustments to apply to IFRS measurements in order to provide additional useful information on the underlying trends and in classifying items as exceptional items. Refer to note 3 for further information.

Capitalisation of product engineering costs: The Company applies judgement in determining at what point in a vehicle programme's life cycle the recognition criteria under IAS 38 are satisfied. Refer to note 18 (internally generated intangible assets) for further information.

Deferred tax asset recognition: The extent to which deferred tax assets can be recognised is based on an assessment of the availability of future taxable income against which the deductible temporary differences and tax loss carry-forwards can be utilised. The Company has exercised judgement when considering the level of future taxable profits that will arise in order to support the recognition of assets related to deductible temporary differences and tax losses carried forward. Refer to note 13 (Income taxes) for further information.

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.

Significant estimates

Impairment of intangible and tangible fixed assets

The Company tests annually whether intangible fixed assets with indefinite useful lives have suffered any impairment. Refer to note 18 for further information on the key assumptions and sensitivities used in the testing of these assets for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Retirement benefit obligation

The present value of the post-employment benefit obligations depends on a number of factors and assumptions, including discount rate, inflation and mortality assumptions. Refer to note 32 for details of these assumptions and sensitivities.

The financial statements also include estimates that may materially affect carrying amounts of assets and liabilities in the longer term. These are:

- Product warranties: Refer to note 27 for further information.
- Depreciation (expected useful life): refer to page 29 for further information.

Climate change

In the preparation of these financial statements, the Company has considered the potential effects of climate change, related regulatory requirements and of the targets set out in the Strategic Report. Where relevant, these are included within assumptions and estimates used to determine the carrying value of assets and liabilities at 31 March 2023. In particular, the Company has considered the impact on the future cash flows used in the impairment assessment of its cash-generating unit (see note 18), and on its provisions for the costs of compliance with emission regulations (see note 27).

Areas not considered to be key areas of judgement or contain estimation uncertainty that may be impacted by climate-related risks in the current financial year are outlined below:

Recoverability of trade receivables

Climate related matters could impact the Company’s customers and subsequently the ability to pay their receivables. There have been no material climate-related matters during the year that have impacted the recoverability of receivables, and the Company continues to monitor recoverability on an ongoing basis and does not deem this to be a material risk or judgement.

Useful lives of assets

Climate related matters could reduce the useful life of assets for example due to physical or legal risks resulting in accelerated depreciation or amortisation recognised each financial year. From a review of the useful lives, there is deemed to be no material impact from climate-related matters.

Inventory valuation

The value of inventories could be impacted by climate related matters, resulting in obsolescence or the need to recognise additional provisions. After reviewing inventory valuation as at 31 March 2023, inventory is deemed appropriately valued when taking into consideration climate-related matters.

REVENUE RECOGNITION

Revenue comprises the consideration earned by the Company in respect of the output of its ordinary activities. It is measured based on the contract price, which is 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 Company's primary customers from the sale of vehicles, parts and accessories are retailers, fleet and corporate customers, and other third-party distributors, including its fellow subsidiaries of the Group. The Company 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 36, the Company 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 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 observable, it is estimated using an appropriate alternative approach.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Significant Revenue Areas	Nature, timing of satisfaction of performance obligations, and significant payment terms
Vehicles, parts, and accessories (and other goods)	The Company 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 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 primarily driven by: • 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 Company 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, depending on individual contractual arrangements. 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 Company’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 Company does not have the ability to use the vehicle or direct it elsewhere. The Company 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 Company. For the sale of parts and accessories, the Company typically receives payment in line with the invoice payment terms stipulated and agreed with its customers, which are usually 30 days.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Significant Revenue Areas	Nature, timing of satisfaction of performance obligations, and significant payment terms
Sales incentives	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 Company. Under IFRS 15, the Company 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 Company 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 Company 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, current market conditions and a prospective assessment considering relevant geopolitical factors, including global stock positions for both the Company and its third-party dealer network reflecting the pipeline of vehicle inventory for sale to end customers. Variable consideration received for contracts with multiple performance obligations is allocated to all such obligations only when applicable. 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 rather than support any additional obligations.
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. The majority of plans sold by the Company are complimentary with the vehicle, thus payment is received 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. Revenue is recognised based on the expected performance of the services from the point of a vehicle being retailed to an end customer and aligned to the expected costs to fulfil those services based on historical information.
Telematics	Telematics features provide a service to the customer typically aligned to the warranty period of the vehicle, allowing a vehicle to connect and interact with end customer's mobile phone. The Company typically receives payment relating to telematics features 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. For optional features, this is measured at the observable option price and for standard-fit features is measured using a cost-plus basis. The stand-alone selling price for telematics subscription renewals is measured at the renewal price offered to the customer. Revenue is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Significant Revenue Areas	Nature, timing of satisfaction of performance obligations, and significant payment terms
Warranty considerations as a service	Vehicles and parts sold by the Company 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 provides a service in excess of the assurance that the agreed-upon specification is met, the Company considers this to constitute a service to the end customer and therefore a separate performance obligation. Revenue is 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 Company to repurchase the product sold (including repurchasing a product originally sold as part of an amended product). Such instances are common in the Company's arrangements with third-party fleet customers or in contract manufacturing arrangements that the Company is party to. The Company does not recognise revenue on the original sale, as it retains ultimate control of that product. The related inventory therefore continues to be recognised on the Company's balance sheet. The consideration received from the customer is treated as a liability. Where the contractual repurchase price is less than the original sale price, the transaction is accounted for as a lease and where the contractual repurchase price is more than or equal to the original sale price the transaction is accounted for as a financing arrangement. Revenue recognised under such lease arrangements is outside of the scope of IFRS 15 and instead is recognised in line with IFRS 16 Leases. Revenue relating to the good or product is recognised only when it is sold by the Company 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 JLR 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. Regarding other goods, where rights of return may be prevalent, the Company estimates the level of returns based on the historical data for specific products, adjusted as necessary to estimate returns for new products. Revenue is not recognised for expected returns - instead, the Company recognises a refund liability and asset where required.

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 and other expenses incurred for product development undertaken by the Company.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT GRANTS AND INCENTIVES

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

Government grants are recognised in the income statement, either on a systematic basis when the Company 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 recognised within deferred income in the balance sheet and credited to other income in the income statement over the estimated useful life of the related asset. Government grants that are awarded as incentives with no ongoing performance obligations to the Company are recognised as other income in the period in which the grant is received.

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

FOREIGN CURRENCY

The Company has a functional and presentational currency of GBP.

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

EXCEPTIONAL ITEMS

Exceptional items are disclosed separately in the income statement to support the reader’s understanding of the performance of the Company.

The Company considers qualitative and quantitative factors to determine whether a transaction or event is exceptional, including the expected size, nature and frequency of the transaction or event, and any precedent for similar items in previous years.

Items that are considered exceptional may include the following:

• Costs associated with significant restructuring events;

• Impairments or reversals of impairments arising from an impairment assessment of the Company’s cash-generating unit in accordance with IAS 36;

• Defined benefit past service costs or credits arising from scheme amendments; and

• Costs associated with provisions and related reversals arising from a significant one-off event not in the normal course of business.

Further details of exceptional items are given in note 3.

INCOME TAXES

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the income statement, except when related to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity, whereby tax is also recognised outside profit or loss).

Current income taxes are determined based on the respective taxable income of the 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 tax losses, depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

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

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

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 Company 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 Company 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.

Judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost of acquisition or construction less accumulated depreciation less 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 and leased assets	10 to 40
Plant and equipment	3 to 30
Vehicles	3 to 10
Computers	3 to 10
Furniture and fixtures	3 to 20

The depreciation period 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 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 Company considers their residual value to approximate their cost.

An item of property, plant and equipment is derecognised on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

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.

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

Class of intangible asset	Estimated amortisation period (years)
Software	2 to 8
Goodwill	Indefinite life
Intellectual property rights and other intangibles	3 to indefinite life

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. 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.

Goodwill, which represents the excess of the fair value of the consideration paid for subsidiaries and other businesses over the fair values of the net assets acquired and liabilities assumed, is capitalised and stated at historical cost less provisions for impairment. Goodwill is considered to have an indefinite useful life as it is considered that the operations of the acquired businesses will continue indefinitely.

Internally generated intangible assets

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

Product engineering costs incurred on new vehicle platforms, engines, transmissions and new products are recognised as intangible assets – when feasibility has been established, the Company 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.

The Company undertakes significant levels of research and development activity, and for each vehicle programme a periodic review is undertaken. The Company 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.

The Company applies judgement in determining the proportion of central overhead allocated within development costs that are capitalised.

IMPAIRMENT

Property, plant and equipment and other intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT (CONTINUED)

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.

Recoverable amount is the higher value less costs of sale and value in use. In assessing value in use, the estimated future cash-flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit) for which the estimates of future cash flows have been adjusted.

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

An asset of cash-generating unit impaired in prior years is reviewed at each balance sheet date to determine whether there is any indication of a reversal of impairment loss recognised in prior years.

An annual impairment review for 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 income statement.

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 which are subject to insignificant risk of changes in value.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost 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 Company 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.

ASSETS CLASSIFIED AS HELD FOR SALE

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Company’s accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment losses.

PROVISIONS

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

Further information regarding the accounting treatment for provisions can be found in note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS

Pension plans

The Company operates three defined benefit pension plans, these include two large and one smaller defined benefit plan in the UK. The UK defined benefit plans are administered by a separate trustee. The assets of the plans are held in separate funds selected and overseen by the trustee. These plans were contracted out of the state second pension (S2P) scheme until 5 April 2016. The plans provide benefits for members including a monthly pension after retirement based on salary and service as set out in the rules of each plan.

Contributions to the plans by the Company take into consideration the results of actuarial valuations.

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

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

Defined benefit costs are split into four categories:

– Current service cost, past-service cost and gains and losses on curtailments and settlements;

– Net interest cost;

– Administrative expenses; and

– Remeasurements.

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

Past service cost, including curtailment gains and losses, is generally recognised in the income statement in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability, adjusted for expected cashflows during the period. From the year ended 31 March 2020, at the point a past service cost is incurred re-measurement of the income statement cost is considered and will be re-calculated if there is a material change.

The Company presents these defined benefit costs within ‘Employee costs’ in the income statement (see note 6).

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

Actuarial gains and losses

Actuarial gains and losses relating to retirement benefit plans are recognised in other comprehensive income in the year in which they arise.

Measurement date

The measurement date of all retirement plans is 31 March each year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

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 Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. 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 income statement.

Financial assets are written off when there is no reasonable expectation of recovery. The Company 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 Company 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

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.

Impairment

The Company 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 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 Company adopts the simplified approach to apply lifetime expected credit losses to trade receivables and contract 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.

Credit risk is determined to have increased significantly when the probability of default increases. 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. 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.

Equity instruments

An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company 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 Company 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. The fair value of a financial instrument on initial recognition is normally the transaction price.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include the discounted cash flow method and other valuation models.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Hedge accounting

The Company 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 Company designates these foreign currency forward contracts, foreign currency options and borrowings denominated in foreign currency in cash flow hedging relationships.

The Company uses cross-currency interest rate swaps to convert some of its foreign currency denominated fixed-rate borrowings to GBP floating-rate borrowings. 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 balance sheet at each reporting date. At inception of the hedge relationship, the Company 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 Company documents its risk management objective and strategy for undertaking its hedging transactions.

The Company designates only the intrinsic value of foreign exchange options in the hedging relationship. The Company 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 income statement. 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 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 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 income statement.

LEASES

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is allocated, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the leased asset and the expected lease term. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is amortised on a straight-line basis over the expected useful life of the leased asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as a discount rate. The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease payments include fixed payments, i.e., amounts expected to be payable by the Company under residual value guarantee, the exercise price of purchase options and lease payments in relation to lease extension options if the Company is reasonably certain to exercise purchase or extension options and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise a termination option.

The Company applies the practical expedient to not assess whether rent concessions occurring as a direct consequence of the Covid-19 pandemic that meet the following conditions are lease modifications:

- The change in lease payments results in revised consideration that is substantially the same, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There are no substantive changes to other terms and conditions of the lease.

Changes to lease payments for such leases are accounted for as if they are not lease modifications.

The Company leases a number of buildings, plant and equipment, IT hardware and software assets, certain of which have a renewal and/or purchase options in the normal course of the business. Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operation. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Company reassesses whether it is reasonably certain to exercise options if there is a significant event or significant change in circumstances within its control. The Company's leases mature between 2023 and 2051.

There are no leases with residual value guarantees.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

LITIGATION

Various legal proceedings, claims and governmental investigations are pending against the Company on a wide range of topics, including vehicle safety, defective components, systems or general design defects, emissions and fuel economy, competition, alleged violations of law, labour, dealer, supplier and other contractual relationships, intellectual property rights, product warranties and environmental matters. These proceedings seek recoveries including for damage to property, breach of emissions regulations, misrepresentation, breach of collateral warranty and/or statutory guarantee, personal injuries or wrongful death and in some cases include a claim for exemplary or punitive damages. Adverse decisions in one or more of these proceedings could require the Company to pay substantial damages, or undertake service actions, recall campaigns or other costly actions.

Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Moreover, the cases and claims against the Company are often derived from complex legal issues that are subject to differing degrees of uncertainty. A provision is established in connection with pending or threatened litigation if it is probable there would be an outflow of funds and when the amount can be reasonably estimated. Since these provisions represent estimates, the resolution of some of these matters could require the Company to make payments in excess of the amounts accrued or may require the Company to make payments in an amount or range of amounts that could not be reasonably estimated.

The Company monitors the status of pending legal proceedings and consults with experts on legal and tax matters on a regular basis. As such, the provisions for the Company’s legal proceedings and litigation may vary as a result of future developments in pending matters.

NEW ACCOUNTING POLICY PRONOUNCEMENTS

Standards, revisions and amendments to standards and interpretations not significant to the Company and applied for the first time in the year ending 31 March 2023.

The following amendments and interpretations have been adopted by the Company in the year ending 31 March 2023:

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous contracts – cost of fulfilling a contract;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use;
- Annual improvements to IFRS standards 2018-2020 cycle; and
- Amendments to IFRS 3 Business Combinations – Reference to the conceptual framework.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 EXCEPTIONAL ITEMS

The exceptional items recognised in the year ended 31 March 2023 comprise:

- £155 million in relation to a pension past service credit due to a change in inflation index from RPI to CPI; and
- £5 million update to the exceptional item recognised during the years ended 31 March 2022 and 31 March 2021 in relation to the impact of the Company's Reimagine strategy.

The exceptional items recognised in the year ended 31 March 2022 comprise:

- Updates to the assessment of the impact of the Company's Reimagine strategy relating to the exceptional items recognised during the year ended 31 March 2021.

There are no tax charges or credits arising from the exceptional items.

The tables below set out the exceptional items recorded in the years ended 31 March 2023 and 2022 and the impact on the income statement if these items were not disclosed separately as exceptional items.

Year ended 31 March 2023 (£ millions)	**Employee costs**	**Other expenses**	**Materials and other cost of sales**
Excluding exceptional items	**2,182**	**4,303**	**12,908**
Restructuring costs – employee and third-party obligations	-	(1)	(4)
Pension past service cost	(155)	-	-
Including exceptional items	**2,027**	**4,302**	**12,904**

Year ended 31 March 2022 (£ millions)	**Employee costs**	**Other expenses**	**Materials and other cost of sales**
Excluding exceptional items	**1,950**	**3,315**	**9,556**
Restructuring costs – asset write downs	-	7	-
Restructuring costs – employee and third-party obligations	(6)	(73)	82
Including exceptional items	**1,944**	**3,249**	**9,638**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 REVENUE

The Company's revenue is summarised as follows:

Year ended 31 March (£ millions)	2023	2022*
Revenue recognised for sales of goods	19,734	14,035
Revenue recognised for services transferred	153	251
Revenue – other	915	797
Total revenue from contracts with customers	**20,802**	**15,083**
Realised revenue hedges	(590)	75
Total revenue	**20,212**	**15,158**

*The comparatives for the year ended 31 March 2022 have been restated to reflect the Company's major product categories.

"Revenue – other" includes royalties and sales of goods other than vehicles, parts and accessories.

Revenue disaggregation

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

Year ended 31 March 2023 (£ millions)	UK	US	China	Rest of Europe	Rest of World	Total Revenue
Revenue recognised for sales of goods	3,020	5,095	3,173	4,131	4,315	19,734
Revenue recognised for services transferred	94	49	-	-	10	153
Revenue – other	764	-	90	-	61	915
Total revenue from contracts with customers	**3,878**	**5,144**	**3,263**	**4,131**	**4,386**	**20,802**
Realised revenue hedges	-	(274)	(290)	-	(26)	(590)
Total revenue	**3,878**	**4,870**	**2,973**	**4,131**	**4,360**	**20,212**

Year ended 31 March 2022* (£ millions)	UK	US	China	Rest of Europe	Rest of World	Total Revenue
Revenue recognised for sales of goods	2,681	3,572	2,217	2,987	2,578	14,035
Revenue recognised for services transferred	94	153	-	-	4	251
Revenue - other	436	-	309	-	52	797
Total revenue from contracts with customers	**3,211**	**3,725**	**2,526**	**2,987**	**2,634**	**15,083**
Realised revenue hedges	-	108	(60)	-	27	75
Total revenue	**3,211**	**3,833**	**2,466**	**2,987**	**2,661**	**15,158**

*The comparatives for the year ended 31 March 2022 have been restated to reflect the Company's revenue disaggregated by primary geographical market, timing of revenue recognition and major product categories.

Contract assets

As at 31 March (£ millions)	2023	2022
Accrued income	40	39
Total contract assets	**40**	**39**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 REVENUE (CONTINUED)

Contract liabilities

As at 31 March (£ millions)	2023	2022
Ongoing service obligations	243	205
Liabilities for advances received	12	15
Total contract liabilities	**255**	**220**

Revenue that is expected to be recognised within five years related to performance obligations that are unsatisfied (or partially unsatisfied) amounted to £255 million at 31 March 2023 (2022: £220 million).

'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 balance sheet.

5 MATERIAL AND OTHER COST OF SALES

Year ended 31 March (£ millions)	2023	2022
Changes in inventories of finished goods and work-in-progress	(21)	(176)
Purchase of products for sale	1,178	993
Raw materials and consumables used	11,673	8,605
Realised purchase hedges	78	134
Total material and other cost of sales	**12,908**	**9,556**

6 EMPLOYEE NUMBERS AND COSTS

Year ended 31 March (£ millions)	2023	2022
Wages and salaries - employee costs	1,577	1,404
Wages and salaries - agency costs	172	72
Total wages and salaries	**1,749**	**1,476**
Social security costs and benefits	262	250
Pension costs	171	224
Total employee costs	**2,182**	**1,950**

Employee costs in the year ended 31 March 2023 includes £nil (2022: £14 million) credit in relation to employees placed on furlough under the UK Coronavirus Job Retention Scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 EMPLOYEE NUMBERS AND COSTS (CONTINUED)

Average monthly number of employees for the year ended 31 March 2023	Non-agency	Agency	Total
Manufacturing	12,625	2,429	15,054
Research and development	7,648	296	7,944
Other	7,060	301	7,361
Total employee numbers	**27,333**	**3,026**	**30,359**

Average monthly number of employees for the year ended 31 March 2022	Non-agency	Agency	Total
Manufacturing	13,393	744	14,137
Research and development	7,180	392	7,572
Other	6,473	224	6,697
Total employee numbers	**27,046**	**1,360**	**28,406**

7 DIRECTORS' EMOLUMENTS

All of directors of the Company who held office during the year were also directors of other subsidiary undertakings of the Group. The total remuneration received by the directors of the Company in respect of their qualifying services to the Group is disclosed in the table below:

Year ended 31 March (£)	2023	2022
Directors' emoluments	16,905,538	17,374,817
Decrease of long-term incentive scheme amounts receivable	-	(891,516)
Post-employment benefits	-	4,781
Compensation for loss of office	2,180,998	4,391,985

It is not practicable to allocate the directors remuneration between their services as directors of the Company and their services as directors of other subsidiary undertakings of the Group. Accordingly, the total remuneration in respect of their qualifying services to the Group is disclosed.

Three (2022: two) of the directors who served office during the year were direct employees of the Company. The costs associated with directors employed by the Company are included within employee costs in the income statement.

Ten (2022: twelve) of the directors who served office during the year were direct employees of Jaguar Land Rover Holdings Limited. The costs associated with these directors are recharged to Jaguar Land Rover Holdings Limited.

One (2022: one) of the directors who served office during the year was a direct employee of JLRA plc. The costs associated with this director were recharged to the Company and are included within employee costs in the income statement.

The aggregate of emoluments and amounts accrued under the bonus schemes of the highest-paid director was £2,458,509 (2022: £3,652,103), together with a cash allowance in lieu of pension and medical benefits of £nil (2022: £nil).

Year ended 31 March (number)	2023	2022
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	-	1
Defined benefit scheme	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 OTHER EXPENSES

Year ended 31 March (£ millions)	2023	2022
Stores, spare parts and tools	96	80
Freight cost	584	444
Works, operations and other costs	2,508	1,860
Repairs	36	22
Power and fuel	149	137
Insurance	20	20
Write-down of investments	-	3
Write-down of tangible assets	-	3
Write-down of intangible assets	-	9
Product warranty	675	553
Publicity	235	184
Total other expenses	**4,303**	**3,315**

9 ENGINEERING COSTS CAPITALISED

Year ended 31 March (£ millions)	2023	2022
Total research and development costs incurred	1,688	1,294
Research and development expensed	(970)	(839)
Engineering costs capitalised	**718**	**455**
Interest capitalised	20	41
Total internally developed intangible additions	**738**	**496**

Engineering costs capitalised of £718 million (2022: £455 million) comprises £327 million (2022: £236 million) which would have otherwise been recognised in ‘Employee costs’ and £391 million (2022: £219 million) which would have been recognised within ‘Other expenses’ in the income statement.

During the year ended 31 March 2023, £167 million (2022: £73 million) was recognised as a Research and Development Expenditure Credit (‘RDEC’) incentive on qualifying expenditure.

10 OTHER INCOME

Year ended 31 March (£ millions)	2023	2022
Grant income	155	104
Commissions	11	2
Other	54	84
Total other income	**220**	**190**

Grant income for the year ending 31 March 2023 includes £nil (2022: £14 million) recognised in relation to employees placed on furlough under the UK Coronavirus Job Retention Scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 FINANCE INCOME AND EXPENSE

Year ended 31 March (£ millions)	2023	2022
Finance income	63	14
Dividends received	94	57
Total finance income	**157**	**71**
Interest expense on lease liabilities	(29)	(20)
Total interest on financial liabilities other than lease liabilities measured at amortised cost	(508)	(426)
Interest (expense)/income on derivatives designated as a fair value hedge of financial liabilities	(12)	7
Unwind of discount on provisions	(19)	(7)
Interest capitalised	22	44
Total finance expense	**(546)**	**(402)**

The capitalisation rate used to calculate borrowing costs eligible for capitalisation was 5.4 per cent (2022: 4.6 per cent).

12 LOSS BEFORE TAX

Expense/(income) included in loss before tax for the year are as follows:

Year ended 31 March (£ millions)	2023	2022
Foreign exchange gain and fair value adjustments on loans	(24)	(29)
Foreign exchange gain on economic hedges of loans	(203)	(91)
Foreign exchange loss on derivatives	14	-
Foreign exchange loss on balance sheet, cash and deposits revaluation	242	245
Unrealised loss/(gain) on commodities	164	(47)
Depreciation of right-of-use assets	58	57
Depreciation of property, plant and equipment	879	794
Amortisation of intangible assets (excluding internally generated development costs)	69	71
Amortisation of internally generated development costs	968	979
Expenses related to short-term leases	8	7
Expenses related to low-value assets, excluding short-term leases of low-value assets	11	8
Loss on disposal of property, plant and equipment and software	10	3
Exceptional items	160	(10)
Auditor remuneration	5	4

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

Year ended 31 March (£ millions)	2023	2022
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	4.5	2.6
Fees payable to the Company's auditor for amounts incurred on behalf of other Group companies	0.2	0.3
Total audit fees	**4.7**	**2.9**
Fees payable for audit related assurance services on behalf of other Group companies	0.5	0.8
Fees payable for other assurance services on behalf of other Group companies	-	0.3
Total non-audit fees	**0.5**	**1.1**
Total audit and related fees	**5.2**	**4.0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 TAXATION

Recognised in the income statement

Year ended 31 March (£ millions)	2023	2022
Current tax expense		
Current year	42	25
Adjustments for prior years	8	(3)
Current tax expense	**50**	**22**
Deferred tax (credit)/expense		
Origination and reversal of temporary differences	(91)	43
Adjustments for prior years	(8)	-
Deferred tax (credit)/expense	**(99)**	**43**
Total income tax (credit)/expense	**(49)**	**65**

Prior year adjustments relate to differences between prior year estimates of tax position and current revised estimates or submission of tax computations.

Recognised in the statement of comprehensive income

Year ended 31 March (£ millions)	2023	2022
Deferred tax (credit)/expense on actuarial gains on retirement benefits	(19)	134
Deferred tax expense/(credit) on change in fair value of cash flow hedges	108	(142)
Deferred tax credit on rate change	-	(35)
Total tax expense/(credit)	**89**	**(43)**

Reconciliation of effective tax rate

Year ended 31 March (£ millions)	2023	2022
Loss for the year	(486)	(1,282)
Total income tax (credit)/expense	(49)	65
Loss before tax	**(535)**	**(1,217)**
Income tax expense using the tax rates applicable: 19% (2022: 19%)	(102)	(231)
Non-deductible expenses	15	8
Non-taxable income	(43)	(16)
Withholding taxes suffered	19	12
Unrecognised or written-down deferred tax assets	62	295
Prior period adjustments	-	(3)
Total income tax (credit)/expense	**(49)**	**65**

Included within prior period adjustments for the year ended 31 March 2023 is £8 million credit (2022: £3 million) relating to revisions of prior year estimates of the Company's tax position to bring them in line with the latest estimates and currently filed tax positions.

The charge of £62 million (2022: £295 million) in relation to “Unrecognised or written-down deferred tax assets” arises as a result of the inability to fully recognise UK deferred tax assets arising in the year.

Since 1 April 2020, the UK corporation tax rate applicable has been at 19 per cent. A change to the main UK corporation tax rate from 19 to 25 percent with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021.

Accordingly, UK deferred tax has been provided at a rate of 25 per cent on assets and liabilities (2022: 25 per cent), recognising the applicable tax rate at the point when the timing difference is expected to reverse.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 INVESTMENTS

Investments consist of the following:

As at 31 March (£ millions)	2023	2022
Unquoted equity investments	1,080	1,080

As at 31 March (£ millions)	2023	2022
Opening balance	1,080	1,084
Disposals	-	(2)
Impairment to unquoted investment	-	(2)
Closing balance	**1,080**	**1,080**

Management performed an impairment review as at 31 March 2023 and £nil (2022: £2 million) was written off to the income statement.

Details of the direct and indirect subsidiary undertakings are as follows, each being a 100 per cent interest in the ordinary share capital of the company unless otherwise stated:

Name of company	Principal place of business and country of incorporation	Registered office address
Jaguar e Land Rover Brasil Indústria e Comércio de Veículos LTDA	Brazil	Avenida Ibirapuera 2.332, Torre–I - 10º andar-Moema 04028-002, São Paulo, SP, Brazil
Jaguar Land Rover (South Africa) (Pty) Limited	South Africa	28 Victoria Link, Route 21 Corporate Park, Nellmapius Drive, Irene X30, Centurion, Tshwane, Gauteng, South Africa
Jaguar Land Rover Australia Pty Limited	Australia	Level 1, 189 O'Riordon Street, Mascot, 2020, NSW, Australia
Jaguar Land Rover Austria GmbH	Austria	Siezenheimer Strasse 39a, 5020 Salzburg Austria
Jaguar Land Rover Belux N.V.	Belgium	Generaal Lemanstraat 47, 2018 Antwerpen, Belgium
Jaguar Land Rover Canada ULC	Canada	75 Courtneypark Drive West, Unit 3 Mississauga, ON L5W 0E3, Canada
Jaguar Land Rover Deutschland GmbH	Germany	Campus Kronberg 7, 61476, Kronberg im Taunus, Germany
Jaguar Land Rover France SAS	France	Z.A. Kleber – Batiment Ellington, 165 Boulevard de Valmy, 92706 Colombes, CedeFrancence
Jaguar Land Rover Espana SL	Spain	Torre Picasso, Plaza Pablo Ruiz Picasso, 1 – Planta 42, 28020 Madrid, Spain
Jaguar Land Rover India Limited	India	Nanavati Mahalaya, 3rd floor, 18, Homi Mody Street, Mumbai, Maharashtra, India 400001

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 INVESTMENTS (CONTINUED)

Name of company	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Italia SpA	Italy	Via Alessandro Marche–ti, 105 - 00148, Roma, Italy
Jaguar Land Rover Japan Limited	Japan	Garden City Shinagawa Gotenyama Bldg. 9F, 6-7-29 Kita-Shinagawa, Shinagawa-ku, Tokyo 141-0001, Japan
Jaguar Land Rover Korea Co. Ltd.	Korea	25F West Mirae Asset Center 1 Building 67 Suha-dong, Jung-gu Seoul 100-210, Korea
Jaguar Land Rover Nederland BV	Holland	Briggs Office, Van Deventerlaan 31-51, 3528 Utrecht, Netherlands
Jaguar Land Rover North America, LLC.	USA	100 Jaguar Land Rover Way, Mahwah, NJ 07495, USA
Jaguar Land Rover Portugal-Veiculos e Pecas, Lda	Portugal	Rua. Do Pólo Sul Nº2 -3ºB- 3, Parque das Naçoes, 1990- 273, Lisboa, Portugal
Jaguar Land Rover (Ningbo) Trading Co., Ltd.	China	Office Building 12, No.1 Meishan Salt, Beilun District, Ningbo, Zhejiang Province, China
Jaguar Land Rover (South Africa) Holdings Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
JLR Nominee Company Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Land Rover Ireland Limited	Ireland	c/o LK Shields Solicitors 39/40 Upper Mount Street Dublin 2, Ireland
Daimler Transport Vehicles Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Cars South Africa (Pty) Ltd	South Africa	Simon Vermooten Road, Silverton, Pretoria 0184 South Africa
Jaguar Cars Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Land Rover Exports Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
S.S. Cars Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
The Daimler Motor Company Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
The Lanchester Motor Company Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 INVESTMENTS (CONTINUED)

Name of company	Principal place of business and country of incorporation	Registered office address
Jaguar Land Rover Pension Trustees Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover Slovakia s.r.o.	Slovakia	Horné lúky, 4540/1, 949 01 Nitra, Slovakia
Jaguar Land Rover Singapore Pte. Ltd	Singapore	138 Market Street, CapitaGreen, Singapore,048946
Jaguar Racing Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 2 Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
InMotion Ventures 3 Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Jaguar Land Rover Colombia SAS	Colombia	CL 67735 OFE, 1204 Bogotan, Cundinamarka 1 3192 900 Colombia
Jaguar Land Rover México, S.A.P.I. de C.V.	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.	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 Ltd	Taiwan	12F, No. 40, Sec. 1, Chengde Road, Datong Dist., Taipei City 103, Taiwan (R.O.C.)
Jaguar Land Rover Ireland (Services) Limited	Ireland	c/o LK Shields Solicitors 39/40 Upper Mount Street Dublin 2 Ireland
Jaguar Land Rover Classic USA LLC	USA	251 Little Falls Drive, Wilmington, Delaware, USA
Jaguar Land Rover Classic Deutschland GmbH	Germany	Ringstraße 38, 45219 Essen, Germany
Jaguar Land Rover Hungary KFT	Hungary	Regus Capital Square, Vaci ut 76, 1133, Budapest, Hungary
Jaguar Land Rover Ventures Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England
Bowler Motors Limited	England and Wales	Abbey Road, Whitley, Coventry, CV3 4LF, England

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 INVESTMENTS (CONTINUED)

The Company has the following investments in joint ventures, associates and trade investments at 31 March 2023:

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.	25.0%	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 & Wales	Non-trading	280 Bishopsgate, London, EC2M 4RB, England
Synaptiv Limited	33.3%	England & Wales	Business and domestic software development	Finsgate, 5-7 Cranwood Street, London, England, EC1V 9EE
Driveclubservice Pte. Limited	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, 9 Cheung Yee Street, Lai Chi Kok, Kowloon, Hong Kong
ARC V Ltd	15.0%	England & Wales	Manufacture and development of electrified vehicle technology	The Priory Barn Priory Road, Wolston, Coventry, United Kingdom, CV8 3FX
Jaguar Land Rover Switzerland Ltd	30.0%	Switzerland	Vehicle sales and distribution	Emil Frey Strasse, 5745 Stafenwill
Inchcape JLR Europe Limited	30.0%	UK	Vehicle distribution	22a St James's Square, London, United Kingdom, SW1Y 5LP

Except for Driveclub Limited, the proportion of voting rights disclosed in the table above is the same as the Company's interest in the ordinary share capital of each undertaking.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 TRADE RECEIVABLES

As at 31 March (£ millions)	2023	2022
Trade receivables	2,002	1,504
Less: expected credit loss	(1)	(1)
Total trade receivables	**2,001**	**1,503**

16 OTHER FINANCIAL ASSETS

As at 31 March (£ millions)	2023	2022
Non-current		
Warranty reimbursement and other receivables	52	63
Restricted cash	1	1
Derivative financial instruments	71	98
Other	5	4
Total non-current other financial assets	**129**	**166**
Current		
Warranty reimbursement and other receivables	104	85
Restricted cash	9	9
Derivative financial instruments	101	185
Accrued income	40	39
Amounts owed by Group undertakings	257	491
Other	21	23
Total current other financial assets	**532**	**832**

Amounts owed by Group undertakings are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 PROPERTY, PLANT AND EQUIPMENT

(£ millions)	Land and buildings	Plant and equipment	Vehicles	Computers	Fixtures & fittings	Heritage vehicles	Under construction	Total
Cost								
Balance at 1 April 2022	**1,952**	**10,508**	**7**	**152**	**90**	**46**	**233**	**12,988**
Additions	-	-	-	15	3	-	485	503
Transfers	58	248	-	-	-	-	(306)	-
Disposals	-	(216)	-	-	-	(4)	-	(220)
Assets classified as held for sale	-	-	-	-	-	(2)	-	(2)
Transfers to right-of-use assets	(9)	-	-	-	-	-	-	(9)
Balance at 31 March 2023	**2,001**	**10,540**	**7**	**167**	**93**	**40**	**412**	**13,260**
Depreciation and impairment								
Balance at 1 April 2022	**506**	**6,994**	**7**	**92**	**60**	**34**	**-**	**7,693**
Depreciation charge for the year	87	774	-	13	5	-	-	879
Disposals	-	(204)	-	-	-	-	-	(204)
Transfers to right-of-use assets	(1)	-	-	-	-	-	-	(1)
Balance at 31 March 2023	**592**	**7,564**	**7**	**105**	**65**	**34**	**-**	**8,367**
Net Book Value								
At 1 April 2022	1,446	3,514	-	60	30	12	233	5,295
At 31 March 2023	**1,409**	**2,976**	**-**	**62**	**28**	**6**	**412**	**4,893**

Asset-write downs for the year ending 31 March 2023 include £nil (2022: £7 million) in relation to Company's Reimagine strategy. The write-down expense was recognised in 'exceptional items' in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 INTANGIBLE ASSETS

(£ millions)	Goodwill	Software	Intellectual property rights and other intangibles	Capitalised product development	Product development - in progress	Total
Cost						
Balance at 1 April 2022	**382**	**855**	**419**	**9,581**	**550**	**11,787**
Additions – externally purchased	-	50	-	-	-	50
Additions – internally developed	-	-	-	-	738	738
Transfers	-	-	-	517	(517)	-
Disposals	-	(3)	-	(864)	-	(867)
Balance at 31 March 2023	**382**	**902**	**419**	**9,234**	**771**	**11,708**
Amortisation and impairment						
Balance at 1 April 2022	**382**	**647**	**106**	**5,773**	**-**	**6,908**
Amortisation for the year	-	67	2	968	-	1,037
Disposals	-	(3)	-	(864)	-	(867)
Balance at 31 March 2023	**382**	**711**	**108**	**5,877**	**-**	**7,078**
Net Book Value						
At 1 April 2022	-	208	313	3,808	550	4,879
At 31 March 2023	**-**	**191**	**311**	**3,357**	**771**	**4,630**

Asset write-downs for the year ending 31 March 2023 include £nil (2022: £nil million) in relation to the Company's Reimagine strategy.

During the year ended 31 March 2023, central overheads of £77 million (2022: £52 million) have been capitalised within product development - in progress.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT TESTING

In accordance with prevailing accounting standards, management have performed an annual impairment assessment as at 31 March 2023, using the value in use ("VIU") approach to determine the recoverable value of the cash-generating unit ("CGU").

The directors are of the view that the operations of the Company, excluding equity accounted investments, represent a single CGU. This is because the degree of integrated development and manufacturing activities is such that no one group of assets has been determined to generate cash inflows that are independent of any other.

The impairment assessment determined that the CGU recoverable value exceeded the carrying amount by £1,436 million (2022: £238 million) and therefore no impairment was identified. The increase in headroom has largely been driven by the improved performance experienced in the latter part of the year. It was further determined that this increase did not require the reversal of the previously recorded impairment loss as the underlying drivers for the increased headroom do not support a reversal, after considering the unwind of the discount rate and the impact of depreciation and amortisation of impaired assets.

The Company has considered it appropriate to undertake the impairment assessment with reference to the Group approved business plan that was in effect as at the assessment date. The business plan includes a five-year cash flow forecast and contains growth rates that are primarily a function of the Cycle Plan assumptions, historical performance and management's expectation of future market developments through to 2027/28.

In estimating the future cash flows management have given due consideration to the inherent uncertainty of forecast information and have adjusted some of the assumptions in the business plan to take into account possible variations in the amount or timing of the cashflows. In doing so, management has incorporated the following risks into the VIU, as well as other risks outlined on pages 46 to 49 in the JLRA plc annual report for the year ended 31 March 2023, that may impact future cashflows:

- execution risks associated with the 'Reimagine' strategy and the transition to electrified powertrain, with the supporting transformation plan 'Refocus 2.0', detailed on pages 23 to 43 in the JLRA plc annual report for the year ended 31 March 2023, which includes a dedicated environmental sustainability strategy – 'Planet Regenerate';
- near-term supply chain challenges related to global chip shortages which has continued to impact the Company in FY23; and
- economical and geopolitical factors increasing inflationary pressures, driving up material costs in particular.

Alongside the risk adjustments outlined above, the proportion of cash generated attributable to fellow Group entities is removed from the Group approved business plan to ensure only the cash flows attributable to the Company are used in calculating the VIU.

Climate risk

The Company recognises that the potential impact of climate risk to areas such as supply chain, operations, and material and compliance costs may result in variations to the timing and amounts of future cash flows. As such climate risk is incorporated into the development of our forecast cash flows in the VIU by reference to our climate change risk assessment. These risks are principally reflected by the risk adjustments related to the variable profit and volumes which would be most affected by climate change events, for example, scarcity of certain commodities driving up costs and therefore adversely impacting variable profit.

Key assumptions

The assessment of impairment is based on forecasts of future cashflows which are inherently uncertain and are developed using informed assumptions such as historical trends and market information. The directors consider the key assumptions that impact the value in use are those to which:

(i) the recoverable amount is most sensitive;
(ii) involve a significant amount of judgement and estimation; and
(iii) drive significant changes to the recoverable amount when flexed under reasonably possible outcomes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 INTANGIBLE ASSETS (CONTINUED)

The directors’ approach and key assumptions used to determine the CGU VIU were as follows:

Variable profit per unit and volumes – the approach to determining the forecast variable profit per unit and volumes is based on consideration of historical performance, the order bank, profit optimisation efforts and Cycle Plan assumptions, along with the impact of risks on future cashflows discussed above. A small change in either assumption may have a significant impact to future cashflows and for this reason, as well as the impact of risks associated with supply and inflationary pressures on variable profit and volumes, the directors consider variable profit per unit and volumes to be key assumptions. Further, the variable profit per unit and volumes included in the business plan are largely driven by an updated portfolio, which includes estimates and judgements related to the transition to electrified powertrain, including the introduction of new Jaguar.

Terminal value capital expenditure – the 5-year cash flows timing and amount are based on the latest Cycle Plan. The terminal value is based on the best estimate of a maintenance level of capital expenditure which has been derived from depreciation and amortisation expectations and funding requirements in response to longer-term industry trends and risks informed by those listed above and increases in execution risks in particular, which are anticipated in the VIU calculation. Due to the judgement and estimation involved in the calculation of terminal value capital expenditure, as well as the sensitivity of the recoverable amount to any change in the value, the directors consider this to be a key assumption.

Discount rate – the approach to determining the discount rate is based on the Capital Asset Pricing Model and a market participant after tax cost of debt. These inputs are based on a typical build up approach, calculated using country specific premiums without size premium and with an unlevered equity Beta with reference to industry peers. The increase in the year has mainly been driven by increases in the equity risk premium. The discount rate is regarded as a key assumption as it is the rate which drives the discounted cashflows used to determine the VIU of the CGU primarily due to the level of judgement and estimation involved and the sensitivity of the recoverable amount to small changes in the percentage.

The VIU assessment is sensitive to certain assumptions, such as Sales, General & Administration (“SG&A”) costs, due to the relative total value but that involve limited judgement and estimation, and significant changes are not considered reasonably possible, and therefore are not considered to be key assumptions. Similarly, certain assumptions which involve greater judgement and estimation, such as growth rate of 1.7% (2022: 1.7%), but for which even relatively significant changes have a limited impact on the assessment are not regarded as key assumptions.

The value of key assumptions used to calculate the recoverable amount are as follows, presented as a % of Gross Vehicle Revenues (“GVR”) to demonstrate the relative value to the assessment where noted:

As at 31 March	2023	2022
Pre-tax discount rate	12.2%	11.4%
Forecast period (Yr1-5) variable profit (%GVR)	24.6%	24.4%
Terminal value variable profit* (%GVR)	23.2%	24.8%
Terminal value capital expenditures (%GVR)	8.1%	10.0%

*Based on forecast variable profit per unit and volumes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 INTANGIBLE ASSETS (CONTINUED)

Sensitivity to reasonably possible changes to key assumptions

Given the inherent uncertainty about the timing and amount of any change in key assumptions, as well as the significant portion of the recoverable amount related to the VIU terminal value, management consider a net impact on terminal period cash flows to be the best means of indicating the sensitivity of key assumptions.

Management considers the variable profit and volumes assumptions to be interdependent as movement in one assumption will impact the other, impacting the overall variable profit. For example, the profit optimisation efforts discussed above will likely result in higher average variable profit per unit with lower volumes whereas a focus on volumes would likely see a reduction in the average variable profit per unit. Consequently, the terminal value variable profit sensitivity below incorporates sensitivity in volumes via the impact on variable profit.

The table below shows the amount by which the value assigned to the key assumptions must change for the recoverable amount of the CGU to be equal to its carrying amount:

As at 31 March	2023	2022
	% Change	% Change
Pre-tax discount rate	24.7%	2.6%
Forecast period (Yr1-5) variable profit (%GVR)	(5.3)%	(1.1)%
Terminal value variable profit* (%GVR)	(3.3)%	(0.6)%
Terminal value capital expenditures (%GVR)	15.2%	1.6%

In each of the four scenarios above, the sensitivity has been performed in isolation with all other assumptions remaining constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 DEFERRED TAX ASSETS AND LIABILITIES

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Closing balance
Year ended 31 March 2023					
Deferred tax assets					
Property, plant & equipment	1,067	(301)	-	-	766
Derivative financial instruments	125	31	(108)	(10)	38
Compensated absence and retirement benefits	(109)	(61)	19	-	(151)
Tax loss	-	167	-	-	167
Research and development expenditure credit	-	203	-	-	203
Total deferred tax asset	**1,083**	**39**	**(89)**	**(10)**	**1,023**
Deferred tax liabilities					
Intangible assets	(1,072)	56	-	-	(1,016)
Provisions, allowances for doubtful receivables	(11)	4	-	-	(7)
Compensated absence and retirement benefits	-	-	-	-	-
Total deferred tax liability	**(1,083)**	**60**	**-**	**-**	**(1,023)**
Net deferred tax asset/(liability)	**-**	**99**	**(89)**	**(10)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(£ millions)	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified from other equity reserves	Closing balance
Year ended 31 March 2022					
Deferred tax assets					
Property, plant & equipment	755	312	-	-	1,067
Derivative financial instruments	(24)	(23)	172	-	125
Compensated absence and retirement benefits	70	(50)	(129)	-	(109)
Tax loss	73	(73)	-	-	-
Research and development expenditure credit	24	(24)	-	-	-
Total deferred tax asset	**898**	**142**	**43**	**-**	**1,083**
Deferred tax liabilities					
Intangible assets	(953)	(119)	-	-	(1,072)
Provisions, allowances for doubtful receivables	55	(66)	-	-	(11)
Compensated absence and retirement benefits	-	-	-	-	-
Total deferred tax liability	**(898)**	**(185)**	**-**	**-**	**(1,083)**
Net deferred tax asset/(liability)	**-**	**(43)**	**43**	**-**	**-**

At 31 March 2023, the Company had unused tax losses and other temporary differences amounting to £5,266 million (2022: £2,753 million) for which no deferred tax asset has been recognised. As at 31 March 2023 £nil (2022: £nil) of those tax losses are subject to expiry in future periods. All deferred tax assets and deferred tax liabilities at 31 March 2023 and 31 March 2022 are presented as non-current.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

As at 31 March (£ millions)	2023	2022
Cash and cash equivalents	3,196	3,776

21 EXPECTED CREDIT LOSS FOR TRADE RECEIVABLES

Changes in the expected credit loss for trade receivables are as follows:

Year ended 31 March (£ millions)	2023	2022
At beginning of year	1	2
Charged during the year	2	4
Unused amounts reversed	(2)	(5)
At end of year	**1**	**1**

22 INVENTORIES

As at 31 March (£ millions)	2023	2022
Raw materials and consumables	126	114
Work in progress	498	479
Finished goods	1,371	1,369
Inventory basis adjustment	(3)	29
Total inventories	**1,992**	**1,991**

Inventories of finished goods include £366 million (2022: £322 million) relating to vehicles sold to rental car companies, fleet customers and others with guaranteed repurchase arrangements.

The cost of inventories (including cost of purchased products) recognised as an expense during the year amounted to £15,719 million (2022: £11,130 million).

During the year, the Company recorded an inventory write-down expense of £34 million (2022: £22 million). The write-down is included in ‘Material and other cost of sales’.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 OTHER ASSETS

As at 31 March (£ millions)	2023	2022
Non-current assets		
Prepaid expenses	73	28
Other	6	9
Total non-current other assets	**79**	**37**
Current assets		
Recoverable VAT	188	139
Prepaid expenses	185	159
Research and development credit	122	60
Other	15	17
Total current other assets	**510**	**375**

24 ACCOUNTS PAYABLE

As at 31 March (£ millions)	2023	2022
Trade payables	4,084	3,307
Liabilities for expenses	314	270
Capital creditors	299	422
Liabilities to employees	115	136
Total accounts payable	**4,812**	**4,135**

25 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March (£ millions)	2023	2022
Short-term borrowings		
Loans	9,450	10,536
Total short-term borrowings	**9,450**	**10,536**
Long-term borrowings		
Loans	35	34
Total long-term borrowings	**35**	**34**
Lease obligations	435	303
Total borrowings	**9,920**	**10,873**

The remaining balance included within short-term borrowings are amounts due to parent and subsidiary undertakings of £9,380 million (2022: £10,536 million). The borrowings are subject to fixed or variable interest rates and certain borrowings are repayable on demand.

Included within short-term borrowings are amounts due to JLRA plc, an intermediate parent undertaking, of £5,517 million (2022: £6,460 million) for which the timing of expected repayments, including interest payments, matches the repayment terms of corresponding loans issued by third parties and held by JLRA plc. Despite the expected repayment profile, amounts outstanding as at 31 March 2023 are presented as short-term due being repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

The expected timing of cash outflows (including interest payments) in relation to these borrowings with JLRA plc is set out below:

As at 31 March (£ millions)	2023	2022
Expected cash outflow		
1 year or less	1,123	1,494
2nd and 3rd years	2,890	2,508
4th and 5th years	1,661	1,899
More than 5 years	883	1,800
Total expected cash flows	**6,557**	**7,701**

In addition to the above, the amount of long-term loans contractually repayable after more than five years is £54 million (2022: £56 million).

Receivables facility
During the year ended 31 March 2023, the Company extended its factored receivables facility to $900 million, ending 31 March 2025. Under the terms of the facility, the Company derecognises factored receivables in accordance with IFRS 9 as there are no recourse arrangements. Included within loans at 31 March 2023 is £70 million (2022: £nil) in relation to receivables that were repurchased during the year.

26 OTHER FINANCIAL LIABILITIES

As at 31 March (£ millions)	2023	2022
Current		
Interest accrued	84	91
Derivative financial instruments	461	445
Liability for vehicles sold under a repurchase arrangement	374	319
Lease obligations	39	40
Total current other financial liabilities	**958**	**895**
Non-current		
Derivative financial instruments	472	338
Lease obligations	396	263
Other	11	24
Total non-current other financial liabilities	**879**	**625**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 PROVISIONS

As at 31 March (£ millions)	2023	2022*
Current		
Product warranty	639	534
Emissions compliance	4	65
Restructuring	4	115
Third party claims and obligations	282	98
Other provisions	15	23
Total current provisions	**944**	**835**
Non-current		
Product warranty	895	938
Emissions compliance	71	41
Third party claims and obligations	-	-
Other provisions	27	22
Total non-current provisions	**993**	**1,001**

*The comparatives for the year ended 31 March 2022 have been re-presented to align with presentation changes for the year ended 31 March 2023. This has not resulted in any change to reported 'total current provisions' or 'total non-current provisions'. 'Product warranty' and 'Restructuring' amounts are consistent with last year. Legal and product liability amounts disclosed last year are now split into 'Emissions compliance', 'Third party claims and obligations' and 'Other provisions'. Provisions for residual risk, environmental liability and other employee benefits obligations amounts disclosed last year are now grouped in 'Other provisions'. This has not resulted in any change to reported 'total current provisions' or 'total non-current provisions'.

Year ended 31 March 2023 (£ millions)	Product warranty	Emissions compliance	Restructuring	Third party claims and obligations	Other provisions	Total
Opening balance	**1,472**	**105**	**115**	**98**	**46**	**1,836**
Provision made during the year	788	62	24	693	32	**1,599**
Unused amounts reversed in the year	(83)	(11)	(22)	(91)	(22)	**(229)**
Provisions used during the year	(662)	(88)	(113)	(418)	(14)	**(1,295)**
Impact of unwind of discounting	19	-	-	-	-	**19**
Foreign exchange translation	-	7	-	-	-	**7**
Closing balance	**1,534**	**75**	**4**	**282**	**42**	**1,937**

Product warranty provision

The Company provides product warranties on all new vehicle sales in respect of manufacturing defects, which become apparent in the stipulated policy period dependent on the market in which the vehicle purchase occurred. The estimated liability for product warranty is recognised when products are sold or when new warranty programmes are initiated.

Provisions are recognised for the costs of repairing manufacturing defects, recall campaigns, customer goodwill (representing the Company's constructive obligation to its customers when managing those warranty claims) and the Company's other obligations under the warranty.

Assumptions are made on the type and extent of future warranty claims based on experience of the frequency and extent of vehicle faults and defects historically. The estimates also include assumptions on the amounts of potential repair costs per vehicle and the effects of possible time or mileage limits and are regularly adjusted to reflect new information. The timing of outflows will vary as and when a warranty claim will arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 PROVISIONS (CONTINUED)

The Company's calculation methodology uses historical data corrected for experience as information becomes available as well as individual campaign assumptions (such as scope, uptake rates and repair costs). This can lead to changes in the carrying value of provisions as assumptions are updated over the life of each warranty; however there are no individual assumptions that can be reasonably expected to move over the next financial year to such a degree that it would result in a material adjustment to the warranty provision.

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 Company 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 within "Other financial assets" in note 16. Supplier recoveries are recognised only when the Company considers there to be virtual certainty over the reimbursement, which also requires historical evidence to support.

The Company notes that changes in the automotive environment regarding the increasing impact of battery electric vehicles presents its own significant challenges, particularly due to the lack of maturity and historical data available at this time to help inform estimates for future warranty claims, as well as any associated recoveries from suppliers due to such claims. The Company offers warranties of up to eight years on batteries in electric vehicles. The related provisions are made with the Company's best estimate at this time to settle such obligations in the future, but will be required to be continually refined as sufficient, real-world data becomes available.

Restructuring provision

The restructuring provision includes amounts for third party obligations arising from Company restructuring programmes. This includes amounts payable to employees following the announcement of the Company's Reimagine strategy in the year ending 31 March 2021 as well as other Company restructuring programmes. Amounts are also included in relation to legal and constructive obligations made to third parties in connection with cancellations under the Company's Reimagine strategy.

The estimated liability for restructuring activities is recognised when the Company has reason to believe there is a legal or constructive obligation arising from restructuring actions taken.

The amount provided at the reporting date is calculated based on currently available facts and certain estimates for those obligations. These estimates are established using historical experience based on the settlement costs for similar liabilities, with proxies being used where no direct comparison exists.

The amounts and timing of outflows will vary as and when restructuring obligations are progressed with third parties.

Third party claims and obligations

A provision is maintained in respect of legal and constructive obligations to third parties. This includes claims and obligations related to motor accident claims, consumer complaints, retailer terminations, supplier claims, employment cases and personal injury claims. The increase in the year is driven mainly by supplier claims related to the significant inflation experienced during the period as well as lower than expected volumes.

The provision recognised is based on previous experience at the time of the claim and the timing and amount of outflows will vary with decreasing uncertainty from the point at which each claim is received to when it is subsequently settled.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 PROVISIONS (CONTINUED)

Emissions compliance

The Company maintains a provision for non-compliance with legal emissions requirements for certain jurisdictions. The measurement of the provision considers the sales volume in that jurisdiction and the fee or cost per the applicable legislation. The Company aims to mitigate non-compliance risk by purchasing emission credits, participating in emission pools or, subject to the terms of the relevant legislation, generating credits by producing and selling compliant vehicles in the future. The measurement of the provision at the balance sheet date does not include the impact of credits forecast to be generated in the future via the production and sale of compliant vehicles.

The timing of outflows will vary and is not known with certainty.

Other provisions

Other provisions predominantly include the environmental liability and residual risk provisions.

The timing of outflows will vary and is not known with certainty.

28 OTHER LIABILITIES

As at 31 March (£ millions)	2023	2022
Current		
Liabilities for advances received	12	15
Ongoing service obligations	74	73
Other	69	90
Total current other liabilities	**155**	**178**
Non-current		
Ongoing service obligations	169	132
Other	213	188
Total non-current other liabilities	**382**	**320**

Deferred income related to grants of £62 million (2022: £79 million) is included in other current liabilities and £213 million (2022: £188 million) in other non-current liabilities.

29 CAPITAL AND RESERVES

As at 31 March (£ millions)	2023	2022
Allotted, called up and fully paid		
3,560,542,073 (2022: 3,560,542,073) ordinary shares of £1 each	3,561	3,561
Total ordinary share capital	**3,561**	**3,561**

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 OTHER RESERVES

The movement of other reserves is as follows:

(£ millions)	Hedging reserve	Cost of hedging reserve	Retained earnings	Total reserves
Balance as at 1 April 2022	**(458)**	**21**	**(791)**	**(1,228)**
Loss for the year	-	-	(486)	(486)
Remeasurement of defined benefit obligation	-	-	(99)	(99)
Loss on effective cash flow hedges	(687)	(50)	-	(737)
Income tax related to items recognised in other comprehensive income	15	5	19	39
Cash flow hedges reclassified to foreign exchange in profit or loss	618	(16)	-	602
Income tax related to items reclassified to profit or loss	(132)	4	-	(128)
Amounts removed from hedge reserve and recognised in inventory	41	5	-	46
Income tax related to amounts removed from hedge reserve and recognised in inventory	(10)	(1)	-	(10)
Balance as at 31 March 2023	**(612)**	**(32)**	**(1,357)**	**(2,001)**

(£ millions)	Hedging reserve	Cost of hedging reserve	Retained earnings	Total reserves
Balance as at 1 April 2021	**136**	**1**	**(85)**	**52**
Loss for the year	-	-	(1,282)	(1,282)
Remeasurement of defined benefit obligation	-	-	705	705
Gain on effective cash flow hedges	(846)	31	-	(815)
Income tax related to items recognised in other comprehensive income	196	(7)	(129)	60
Cash flow hedges reclassified to foreign exchange in profit or loss	(66)	(18)	-	(84)
Income tax related to items reclassified to profit or loss	13	3	-	16
Amounts removed from hedge reserve and recognised in inventory	134	13	-	147
Income tax related to amounts removed from hedge reserve and recognised in inventory	(25)	(2)	-	(27)
Balance as at 31 March 2022	**(458)**	**21**	**(791)**	**(1,228)**

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Cost of Hedging Reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in other comprehensive income and accounted for similarly to gains or losses in the hedging reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DIVIDENDS

No dividends were paid in the year ended 31 March 2023 (2022: £nil).

32 EMPLOYEE BENEFITS

The Company operates defined benefit pension schemes for qualifying employees. The defined benefit schemes are administered by a trustee with assets held in trusts that are legally separated from the Company. The trustee of the pension schemes is required by law to act in the interest of the members 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 Company and scheme participants in accordance with each scheme's regulations.

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 Company 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 introducing volatility and risk in the short term.

The 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 Company intends to reduce the level of investment risk by investing more in assets for which expected income is a better match for the expected benefit outgo.

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

The trustees and the Company are engaged in ongoing discussions to control the impact of climate risk on the schemes' funding. The current diversified asset profile of the plans should reduce exposure to climate risks.

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 Company'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 still create a deficit or increase an existing deficit to some degree.

Impact of turbulence in UK Gilt market during 2022

During September 2022, following sustained increases in UK real gilt yields over the summer, the Company witnessed an unprecedented spike in both nominal and real yields for UK Gilts together with a sharp fall in the value of sterling. This created knock on effects for the UK bond market.

Like most UK defined benefit plans, the Company schemes use Gilts, Gilt repos and interest rate/inflation swaps to manage a portion of the interest rate and inflation risk inherent in the funding arrangements for our schemes. Furthermore, a portion of sterling currency risk is hedged. Largely these hedging instruments are held on a segregated basis providing greater transparency and control than pooled fund approaches to hedging.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 EMPLOYEE BENEFITS (CONTINUED)

Impact of turbulence in UK Gilt market during 2022 (continued)

Interest rate and inflation risks are hedged based on the Technical Provisions liability (i.e., lower than the Gilts flat or Buy-out liability) which is similar in magnitude to the accounting liability. Gilt & swap instruments are used to hedge non-pensioner liabilities. A cashflow matching policy applies for pensioner liabilities which is largely implemented with bonds rather than Gilts. Furthermore, action was taken to reduce the hedge ratio for non-pensioner liabilities early in July 2022. As a result, the magnitude of interest rate hedging using Gilt & swap instruments was moderated.

Nonetheless, the sharp increases in nominal and real yields, together with the fall in sterling, created a large liquidity requirement for our schemes. The Company and the trustees worked together to agree appropriate actions to meet this requirement and also control the risk of further liquidity calls. We are pleased that the agreed actions were sufficient to meet cash requirements without recourse for additional liquidity.

Changes in financial conditions over the year ended 31 March 2023 have resulted in large changes in the pension assets and liabilities reported for accounting purposes. Higher bond yields reduced our balance sheet pension liabilities substantially, despite the increase to inflation expectations, as most inflationary increases to benefits are capped. The full expectation for future inflationary increases under the rules of the schemes is recognised in the defined benefits obligation, allowing for the caps in place. There are no discretionary increases planned and we do not make any allowance for these.

Whilst market values of assets also reduced due to lower values of hedging and bond assets, the net result was a temporary increase in the pension surplus at that time.

The schemes remain in surplus on the accounting and the funding basis, therefore no additional cash requirements have been created by the Gilt market turmoil. In fact, the expected cost of funding future benefit accrual has reduced materially.

UK Gilt and bond market conditions have stabilised over the subsequent months, although with higher long term Gilt yields (both nominal and real) and higher nominal bond yields. The long-term investment strategy remains consistent with prior years, although higher levels of liquidity are now held.

Life expectancy

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

While COVID-19 has had an impact on mortality in the period ended 31 March 2023, the long-term impact on future mortality trends is currently unknown and consequently no adjustment has been made to mortality assumptions in this regard.

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

Change in present value of defined benefit obligation

Year ended 31 March (£ millions)	2023	2022
Defined benefit obligation beginning of the year	7,483	8,391
Current service cost	80	114
Past service cost	(155)	-
Interest expense	211	175
Actuarial losses/(gains) arising from:		
Changes in demographic assumptions	-	10
Changes in financial assumptions	(2,346)	(701)
Experience adjustments	156	(4)
Member contributions	1	2
Benefits paid	(373)	(504)
Defined benefit obligation at end of year	**5,057**	**7,483**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 EMPLOYEE BENEFITS (CONTINUED)

Change in present value of plan assets

Year ended 31 March (£ millions)	2023	2022
Fair value of plan assets at beginning of the year	7,917	8,031
Interest income	245	170
Remeasurement (loss)/gain on the return of plan assets, excluding amounts included in interest income	(2,289)	10
Administrative expenses	(26)	(27)
Employer contributions	163	235
Members contributions	1	2
Benefits paid	(373)	(504)
Fair value of plan assets at end of year	**5,638**	**7,917**

The actual return on plan assets for the year ended 31 March 2023 was £(2,044) million (2022: £179 million).

Amounts recognised in the income statement consist of:

Year ended 31 March (£ millions)	2023	2022
Current service cost	80	114
Past service credit	(155)	-
Administrative expenses	26	27
Net interest (income)/cost (including onerous obligations)	(34)	5
Components of defined benefit (income)/cost recognised in the income statement	**(83)**	**146**

Amounts recognised in the statement of comprehensive income consist of:

Year ended 31 March (£ millions)	2023	2022
Actuarial (loss)/gain arising from:		
Changes in demographic assumptions	-	(10)
Changes in financial assumptions	2,346	701
Experience adjustments	(156)	4
Remeasurement (loss)/gain on the return of plan assets, excluding amounts included in interest income	(2,289)	10
Remeasurement (loss)/gain on net defined benefit obligation	**(99)**	**705**

Amounts recognised in the balance sheet consist of:

As at 31 March (£ millions)	2023	2022
Present value of funded defined benefit obligations	(5,057)	(7,483)
Fair value of plan assets	5,638	7,917
Net retirement benefit asset	**581**	**434**
Presented as non-current asset	581	434

The most recent valuations of the defined benefit schemes for accounting purposes were carried out at 31 March 2023 by a qualified independent actuary. This is based on membership data as at 1 April 2022 for the JPP & LRPS schemes and at 1 April 2021 for the smaller JEPP scheme. 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 together with the balance of the Trustee bank accounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 EMPLOYEE BENEFITS (CONTINUED)

In June 2023, the Company was informed that one of the investments held by the defined benefit pension schemes had been revalued by the fund's independent valuation agent and that the valuation of the holding as of 31 March 2023, across the schemes, had been reduced by £78 million to £73 million. There is some uncertainly over the remaining valuation, however the Company does not consider the uncertainty to be material. This change in asset value is included in 'other comprehensive income' as part of the asset and liability movements over the year.

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

Year ended 31 March (%)	2023	2022
Discount rate	4.8	2.8
Expected rate of increase in compensation level of covered employees	1.9	2.2
RPI inflation rate	3.0	3.5
CPI inflation rate (capped at 5% p.a.)	2.5	-
CPI inflation rate (capped at 2.5% p.a.)	1.7	1.9

For the valuation at 31 March 2023, the mortality assumptions used are the Self-Administered Pension Schemes ('SAPS') mortality base table, S2PxA tables ("Light" tables for members of the Jaguar Executive Pension Plan).

• For the Jaguar Pension Plan, scaling factors of 101 per cent to 115 per cent have been used for male members and scaling factors of 103 per cent to 118 per cent have been used for female members.

• For the Land Rover Pension Scheme, scaling factors of 105 per cent to 117 per cent have been used for male members and scaling factors of 100 per cent to 116 per cent have been used for female members.

• For the Jaguar Executive Pension Plan, scaling factors of 93 per cent to 97 per cent have been used for male members and scaling factors of 91 per cent to 96 per cent have been used for female members.

For the valuation at 31 March 2022, the mortality assumptions used were the SAPS mortality base table, in particular S2PxA tables ("Light" tables for members of the Jaguar Executive Pension Plan).

• For the Jaguar Pension Plan, scaling factors of 101 per cent to 115 per cent have been used for male members and scaling factors of 103 per cent to 118 per cent have been used for female members.

• For the Land Rover Pension Scheme, scaling factors of 105 per cent to 117 per cent have been used for male members and scaling factors of 100 per cent to 116 per cent have been used for female members.

• For the Jaguar Executive Pension Plan, an average scaling factor of 93 per cent to 97 has been used for male members and an average scaling factor of 91 per cent to 96 has been used for female members.

For the 2023 year-end calculations there is an allowance for future improvements in line with the CMI (2021) projections and an allowance for long-term improvements of 1.25 per cent per annum and a smoothing parameter of 7.5 (2022: CMI (2021) projections with 1.25 per cent per annum improvements and a smoothing parameter of 7.5).

The assumed life expectations on retirement at age 65 are:

Valuation at 31 March (years)	2023	2022
Retiring today:		
Males	21.5	21.6
Females	23.8	23.8
Retiring in 20 years:		
Males	22.9	23.0
Females	25.7	25.7

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
32 EMPLOYEE BENEFITS (CONTINUED)

A past service credit of £155 million has been recognised in the year ended 31 March 2023 in relation to a change in indexation for some benefits. It has been agreed with the trustees that the inflationary index for pension increases in payment and deferment will change from RPI to CPI with effect from 1 July 2022 for future increases for those members of the Schemes where this change was deemed appropriate. The P&L items have been remeasured as at 30 June 2022 for the remainder of the period as required.

All past service costs are recognised in 'exceptional items' in the income statement.

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 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.£191 million	Decrease/increase by £3 million
Inflation rate	Increase / decrease by 0.25%	Increase/decrease by c.£104 million	Increase/decrease by £2 million
Mortality	Increase / decrease by 1 year	Increase/decrease by c.£145 million	Increase/decrease by £1 million

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 EMPLOYEE BENEFITS (CONTINUED)

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

	2023				2022			
As at 31 March (£ millions)	**Quoted**	**Unquoted**	**Total**	**%**	**Quoted**	**Unquoted**	**Total**	**%**
Equity instruments								
Information technology	-	-	-	-	-	127	127	2%
Energy	-	-	-	-	-	18	18	-
Manufacturing	-	-	-	-	-	95	95	1%
Financials	-	-	-	-	-	41	41	1%
Other	-	-	-	-	-	173	173	2%
	-	**-**	**-**	**-**	**-**	**454**	**454**	**6%**
Debt instruments								
Government	1,826	(338)	1,488	27%	1,810	65	1,875	24%
Corporate bonds (investment grade)	767	249	1,016	18%	1,148	310	1,458	18%
Corporate bonds (Non-investment grade)	-	757	757	13%	-	971	971	12%
	2,593	**668**	**3,261**	**58%**	**2,958**	**1,346**	**4,304**	**54%**
Property funds								
UK	-	288	288	5%	-	306	306	4%
Other	-	230	230	4%	-	240	240	3%
	-	**518**	**518**	**9%**	**-**	**546**	**546**	**7%**
Cash and cash equivalents	**51**	**254**	**305**	**5%**	**75**	**362**	**437**	**5%**
Other								
Hedge funds	-	311	311	6%	-	505	505	6%
Private markets	-	1,000	1,000	18%	-	995	995	13%
Alternatives	-	186	186	3%	-	461	461	6%
	-	**1,497**	**1,497**	**27%**	**-**	**1,961**	**1,961**	**25%**
Derivatives								
Foreign exchange contracts	-	16	16	-	-	(35)	(35)	-
Interest rate and inflations	-	41	41	1%	-	250	250	3%
Equity protection derivatives	-	-	-	-	-	-	-	-
	-	**57**	**57**	**1%**	**-**	**215**	**215**	**3%**
Total	**2,644**	**2,994**	**5,638**	**100%**	**3,033**	**4,884**	**7,917**	**100%**

As at 31 March 2023, the schemes held Gilt Repos. The net value of these transactions is included in the value of government bonds in the table above. The value of the funding obligation for the Repo transactions is £487 million at 31 March 2023 (2022: £1,462 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 EMPLOYEE BENEFITS (CONTINUED)

JLR assigns an accounting level (1, 2 or 3) to asset holdings in order to reflect the level of judgement involved in the valuation of an asset. In assigning the level JLR balances consistency between asset holdings, consistency from year to year and manager / other assessments. JLR designates level 1 to direct holdings of liquid assets where an active market exists.

Custodian accounts where underlying assets are regularly traded or where comparable assets have traded values are designated level 2, for example derivatives (including net value of swaps) and some property holdings. Assets which are not designated as level 1 or 2 are designated as level 3. Level 1 assets are reported as quoted, level 2 and 3 unquoted. Repo obligations are noted separately.

Private Equity holdings have been measured using the most recent valuations, adjusted for cash and currency movements between the last valuation date and 31 March 2023. Given the movements in listed equity markets, the valuation of Private Equity holdings may vary significantly. The value of the Private Equity holdings in the JLR Plans included above is £762 million as at 31 March 2023 (2022: £661 million).

JLR contributes towards the UK defined benefit schemes. Statutory funding valuations are carried out every three years, the latest valuation as at 31 March 2021 was completed on 30 June 2022. The valuations resulted in revised schedules of contributions effective from 1 July 2022. At the point the valuations were agreed each plan was in surplus and, therefore, there are no further deficit recover contributions currently payable. The ongoing Company contribution rate for defined benefit accrual for FY23 was c.24 per cent of pensionable salaries in the UK, however following changes in financial conditions, from 1 April 2023 this reduced to c.10 per cent. The ongoing rate will vary to reflect prevailing financial conditions over time. The next statutory funding valuations are scheduled as at 31 March 2024 and are expected to be completed by 30 June 2025.

JLR has taken legal advice considering the documentation of the UK schemes and the regulatory environment. This confirmed the recoverability of any surplus in the scheme via reduced future contributions or settlement and JLR has based its accounting judgement on this advice.

The average duration of the benefit obligations at 31 March 2023 is 14.5 years (2022: 17.5 years). Higher net discount rates have the effect of reducing the duration of the liabilities and vice versa.

The expected net periodic pension cost for the year ended 31 March 2024 is expected to be £37 million. The Company expects to pay £30 million to its defined benefit schemes, in total, for the year ended 31 March 2024 (excluding member contributions through salary sacrifice).

DEFINED CONTRIBUTION SCHEMES

The Company’s contribution to defined contribution schemes for the year ended 31 March 2023 was £100 million (2022: £83 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 COMMITMENTS AND CONTINGENCIES

The following includes a description of contingencies and commitments. The Company assesses such commitments and claims as well as monitors the legal environment on an ongoing basis, with the assistance of external legal counsel wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in the financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability unless the loss becomes probable. Such potential losses may be of an uncertain timing and / or amounts.

As at 31 March (£ millions)	2023	2022*
Contingencies:		
Third party claims and obligations	573	313
Other	119	155
Commitments:		
Plant and equipment	369	721
Intangible assets	15	15
Pledged as collateral/security against the borrowings and commitments:		
Other financial assets	20	13

*The comparatives for the year ended 31 March 2022 have been re-presented to align with presentation changes for the year ended 31 March 2023. Litigation and product related amounts disclosed in previous years, in addition to third party claims previously disclosed as ‘contractual claims and commitments’, are now presented together in ‘Third party claims and obligations’. This has not resulted in any change to total contingent liabilities and commitments disclosed.

Contingencies

Contingencies relate to legal and constructive obligations to third parties. There are claims and obligations against the Company which management has not recognised, as settlement is not considered probable. These claims and obligations relate primarily to the following:

- third party claims and obligations primarily supplier claims; and,

- other, including consumer complaints, retailer terminations, employment cases and personal injury claims.

The increase in the year is driven mainly by supplier claims related to the significant inflation experienced during the period as well as lower than expected volumes.

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 and the acquisition of intangible assets.

Joint venture

Stipulated within the joint venture agreement for Chery Jaguar Land Rover Automotive Co. Ltd, and subsequently amended by a change to the Articles of Association of Chery Jaguar Land Rover Automotive Co. Ltd. is a commitment for the Company to contribute a total of CNY 2,500 million of capital, of which CNY 1,738 million has been contributed as at 31 March 2023. The outstanding commitment of CNY 762 million translates to £90 million at the 31 March 2023 exchange rate. At 31 March 2022, the outstanding commitment was CNY 762 million (£91 million at 31 March 2023 exchange rate).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Financing arrangements

The Company provides certain guarantees for financing and other arrangements where the likelihood of demand on the guarantee is deemed remote. The financing arrangements covered by such guarantees are explained below.

The Company's intermediate parent, JLRA plc, has issued Senior Notes that are listed on the Luxembourg Stock Exchange multilateral trading facility ('EURO MTF') market. The Company is a guarantor with Jaguar Land Rover Holdings Limited of certain of these Senior Notes. The tranches of Senior Notes outstanding at 31 March 2023 are as follows:

- €650 million Senior Notes due 2024 at a coupon of 2.200 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
- €500 million Senior Notes due 2024 at a coupon of 5.875 per cent per annum – issued November 2019
- €500 million Senior Notes due 2026 at a coupon of 6.875 per cent per annum – issued November 2019
- $700 million Senior Notes due 2025 at a coupon of 7.750 per cent per annum – issued October 2020
- $650 million Senior Notes due 2028 at a coupon of 5.875 per cent per annum – issued December 2020
- €500 million Senior Notes due 2028 at a coupon of 4.500 per cent per annum – issued July 2021
- $500 million Senior Notes due 2029 at a coupon of 5.500 per cent per annum – issued July 2021

The Company is a guarantor with Jaguar Land Rover Holdings Limited of the £1,520 million revolving credit facility held by the intermediate parent company, JLRA plc. As at 31 March 2023 the facility was fully undrawn and the facility expires in April 2026.

The Company is a guarantor with Jaguar Land Rover Holdings Limited of the $798 million syndicate loan held by the intermediate parent company, JLRA plc. The loan was issued in October 2018 and is fully due in January 2025.

The Company is a guarantor with Jaguar Land Rover Holdings Limited of the £625 million five-year amortising loan facility backed by a guarantee (80% of notional principal) from UK Export Finance starting in October 2019.

The Company is also a guarantor with Jaguar Land Rover Holdings Limited of the £625 million five-year amortising loan facility backed by a guarantee (80% of notional principal) from UK Export Finance starting in December 2021.

As at 31 March 2023, £667 million was outstanding in relation to these loans.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34 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 amount and fair value of each financial assets and liabilities measured at fair value through profit or loss as at 31 March 2023:

	Fair value through profit and loss		
(£ millions)	**Derivatives in hedging relationship**	**Derivatives other than in hedging relationship**	**Total fair value**
Other financial assets - current	46	55	101
Other financial assets - non-current	20	51	71
Total financial assets	**66**	**106**	**172**
Other financial liabilities - current	372	89	461
Other financial liabilities - non-current	452	20	472
Total financial liabilities	**824**	**109**	**933**

The following table shows the carrying amount and fair value of each category of financial assets and liabilities measured at fair value through profit or loss as at 31 March 2022:

	Fair value through profit and loss		
(£ millions)	**Derivatives in hedging relationship**	**Derivatives other than in hedging relationship**	**Total fair value**
Other financial assets - current	57	128	185
Other financial assets - non-current	13	85	98
Total financial assets	**70**	**213**	**283**
Other financial liabilities - current	416	29	445
Other financial liabilities - non-current	286	52	338
Total financial liabilities	**702**	**81**	**783**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34 FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT

Liquidity 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 maintain sufficient liquidity in the form of cash to meet the Company's operating requirements with an appropriate level of headroom.

The following are the undiscounted contractual maturities of financial liabilities measured at fair value through profit or loss, including estimated interest payments:

As at 31 March 2023 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Derivative financial liabilities	933	915	457	277	181	-
Total contractual maturities	**933**	**915**	**457**	**277**	**181**	**-**

As at 31 March 2022 (£ millions)	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
Financial liabilities						
Derivative financial liabilities	783	1,065	510	278	275	2
Total contractual maturities	**783**	**1,065**	**510**	**278**	**275**	**2**

Off-balance sheet financial arrangements

At 31 March 2023, the Company had sold £373 million equivalent of trade receivables under its debt factoring facility, which was renewed during the year ended 31 March 2023 and increased from $500 million to $900 million.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34 FINANCIAL INSTRUMENTS (CONTINUED)

(C) DERIVATIVES AND HEDGE ACCOUNTING

The Company's operations give rise to revenue, raw material purchases and borrowings in currencies other than the Company's functional and presentation currency of GBP. The Company 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 Company'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 Company'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 Company uses cross-currency interest rate swaps to hedge its foreign currency exchange risk associated with recognised borrowings. These instruments may be designated in both cash flow and fair value hedging relationships. The Company also manages foreign exchange risk on recognised borrowings using FX swaps. The Company utilises FX spot & FX swap contracts to manage operational requirements.

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

Outstanding contracts	Foreign currency average interest rate 2023 %	2022 %	Reporting currency average interest rate 2023 %	2022 %
Cross-currency interest rate swaps				
<1 year	-	-	-	-
Between 1 - 5 years	4.500	4.500	SONIA + 5.247	SONIA + 4.777
>5 years	-	4.500	-	LIBOR + 2.033

Fair value hedges

During the year ended 31 March 2023, the Company used 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 converted foreign currency USD and EUR fixed-rate borrowings to GBP floating-rate debt. The USD swaps were settled during the year ended 31 March 2023.

Cash flow hedges

The Company 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 Company 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 statement of comprehensive income, and the ineffective portion of the fair value change is recognised in the 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 the income statement.

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 'material and other cost of sales' in the income statement.

The foreign currency borrowings designated as the hedged item mature in January 2026, at which time the amount deferred in equity will be reclassified to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34 FINANCIAL INSTRUMENTS (CONTINUED)

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

Outstanding contracts	Average strike rate		Nominal amounts		Carrying value assets/(liabilities)	
As at 31 March	**2023**	**2022**	**2023 £m**	**2022 £m**	**2023 £m**	**2022 £m**
Cash flow hedges of foreign exchange risk on forecast transactions						
Derivative instruments						
Sell – USD						
< 1 year	0.7528	0.7604	2,761	2,882	(188)	5
Between 1-5 years	0.7581	0.7361	4,199	3,734	(234)	(77)
Sell – Chinese Yuan						
< 1 year	0.1139	0.1094	2,674	2,819	(114)	(235)
Between 1-5 years	0.1159	0.1123	4,894	3,521	(184)	(126)
Buy – Euro						
< 1 year	0.8915	0.8875	1,984	2,892	20	(111)
Between 1-5 years	0.9129	0.8860	41	1,254	-	(5)
Other currencies						
< 1 year			730	873	(6)	(17)
Between 1-5 years			848	870	(2)	(28)
Debt instruments denominated in foreign currency						
Sell – USD						
Between 1-5 years	0.6287	-	1,068	-	(968)	-
Total cash flow hedges of foreign exchange risk on forecast transactions			**19,199**	**18,845**	**(1,676)**	**(594)**
Hedges of foreign exchange risk on recognised debt						
Cross-currency interest rate swaps						
USD						
>5 years	-	0.7592	-	380	-	1
EUR						
Between 1-5 years	0.8912	0.8912	446	446	(50)	(39)
Total fair value hedges of foreign exchange risk on recognised debt			**446**	**826**	**(50)**	**(38)**

The line items in the balance sheet that include the above derivative instruments are “Other financial assets” and “Other financial liabilities”.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35 LEASES

Leases as a lessee

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

Right-of-use assets

£ millions	Land and buildings	Computers	Plant and equipment	Vehicles	Other	Total
Balance at 31 March 2023	380	8	22	-	4	**414**
Balance at 31 March 2022	311	6	25	1	4	**347**
Depreciation charge for the year ended 31 March 2023	37	4	15	1	1	**58**
Depreciation charge for the year ended 31 March 2022	34	4	15	2	2	**57**

Additions to the right-of-use assets during the year ended 31 March 2023 were £114 million (2022: £109 million).

Remeasurement/Rectification to the right-of-use assets during the year ended 31 March 2023 were £2 million (2022: £6 million).

The Company has not entered into any sale and leaseback transactions during the year ended 31 March 2023.

The Company has entered into a sale and leaseback transaction during the year ended 31 March 2022. The transfer of the asset did not satisfy the sale requirements of IFRS 15 and is therefore retained on the balance sheet. A financial liability was recognised equal to the transfer proceeds of £33 million in accordance with IFRS 9. The lessee accounting principles described in note 2 under IFRS 16 have been applied to the leaseback transaction, with the right of use asset of £94 million recognised in land and buildings.

Lease liabilities

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

As at 31 March (£ millions)	2023	2022
Less than one year	69	58
One to five years	190	140
More than five years	486	285
Total undiscounted lease liabilities	**745**	**483**

The following amounts are included in the balance sheet:

As at 31 March (£ millions)	2023	2022
Current lease liabilities	39	40
Non-current lease liabilities	396	263
Total lease liabilities	**435**	**303**

The following amounts are recognised in the income statement:

Year ended 31 March (£ millions)	2023	2022
Interest expense on lease liabilities	29	20
Expenses related to short-term leases	8	7
Expenses related to low-value assets, excluding short-term leases of low-value assets	11	8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35 LEASES (CONTINUED)

The following amounts represent the total cash outflows for leases classified under IFRS 16:

Year ended 31 March (£ millions)	2023	2022
Cash payments for the principal portion of lease liabilities	47	48
Cash payment for interest expense related to lease liabilities	29	20
Total cash outflow for leases	**76**	**68**

Lease as a lessor

The majority of the leases where the Company is a lessor is in relation to vehicles. The Company classified these as leases of operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

As at 31 March (£ millions)	2023	2022
Less than one year	3	3
One to five years	5	1
More than five years	8	9
Total undiscounted lease payments to be received	**16**	**13**

36 SEGMENT REPORTING

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

The Company’s non-current assets are situated in the UK. The geographic spread of sales by customer location is as disclosed below:

(£ millions)	UK	US	China	Rest of Europe	Rest of World	Total
31 March 2023						
Revenue	3,878	4,870	2,973	4,131	4,360	**20,212**
31 March 2022*						
Revenue	3,211	3,833	2,466	2,987	2,661	**15,158**

*The comparatives for the year ended 31 March 2022 have been restated to reflect the Company's revenue disaggregated by primary geographical market.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

37 RELATED PARTY TRANSACTIONS

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

The Company has taken the available exemption available under paragraph 8(k) of FRS 101 in relation to the disclosure of the related party transactions with other wholly owned members of the Group and key management personnel compensation.

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

(£ millions)	With joint ventures of the Company	With associates of the Company	With joint ventures of Tata Sons Pvt Ltd	With immediate or ultimate parent and its subsidiaries, joint ventures and associates
31 March 2023				
Sale of products	247	-	2	33
Purchase of products	-	91	-	20
Services received	-	-	183	96
Services rendered	85	-	-	3
Trade receivables	18	-	-	43
Accounts payable	-	3	24	27
31 March 2022				
Sale of products	256	-	2	26
Purchase of products	-	-	-	14
Services received	-	-	150	69
Services rendered	82	-	-	1
Trade receivables	27	-	-	24
Accounts payable	-	-	16	18

38 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

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

Copies of the Tata Motors Limited, India consolidated financial statements can be obtained from the group Secretary, Tata Motors Limited, Bombay House, 24, Homi Mody Street, Mumbai – 400001, India. Copies of the JLRA plc consolidated financial statements can be obtained from the Company's registered office.

39 SUBSEQUENT EVENTS

In June 2023, the Company was informed that one of the investments held by the defined benefit pension schemes had been revalued by the fund's independent valuation agent and that the valuation of the holding as of 31 March 2023, across the schemes, had been reduced by £78 million to £73 million. There is some uncertainly over the remaining valuation, however the Company does not consider the uncertainty to be material. This change in asset value is included in 'other comprehensive income' as part of the asset and liability movements over the year.