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AUTO TRADER GROUP PLC

FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2019

Auto Trader Group plc ('Auto Trader', 'the Group'), the UK's largest digital automotive marketplace, announces full year results for the year ended 31 March 2019.

Financial highlights*

- Revenue up 8% to £355.1 million (2018: £330.1 million)
- Operating profit up 10% to £243.7 million (2018 restated: £221.3 million) with Operating profit margin increasing to 69% (2018 restated: 67%)
- Profit before tax up 15% to £242.2 million (2018 restated: £210.7 million); including £8.7 million profit recognised on disposal of Smart Buying to our joint venture with Cox Automotive
- Basic EPS up 18% to 21.00p per share (2018 restated: 17.74p)
- Cash generated from operations¹ up 13% to £258.5 million (2018 restated: £228.4 million)
- £151.1 million returned to shareholders through £93.5 million of share buy-backs (2018: £96.2 million) plus dividends paid of £57.6 million (2018: £52.2 million)
- Gross external bank debt² down to £313.0 million (2018: £343.0 million) with leverage³ at 1.2x (2018: 1.5x)
- Proposed final dividend of 4.6 pence per share (2018: 4.0 pence per share) totalling 6.7 pence per share (2018: 5.9 pence per share)

*Certain prior year comparatives have been restated following the implementation of IFRS 16 'Leases' from 1 April 2018 using the fully retrospective approach.

Operational highlights

- Average Revenue Per Retailer forecourt⁴ ('ARPR') per month up 9% or £149 to £1,844 (2018: £1,695), with growth from product and price offsetting the expected reduction from stock
- Physical car stock on site^{4,5} up 2% to 461,000 cars (2018: 453,000). Retailer forecourts were stable⁴, increasing slightly to 13,240 (2018: 13,213)
- Audience engagement remains strong. Cross platform visits^{4,6} per month increased by 1% to 49.1 million (2018: 48.7 million) and our share of time spent by consumers on automotive platforms^{4,7} increased slightly to 76%, growing to almost 5x larger than our nearest competitor. Full page advert views per month^{4,8} decreased 3% to 239 million (2018: 246 million)

Strategic highlights

- Physical new car stock on site, currently listed on a free trial basis, reached over 30,000 by the year end with increasing engagement from consumers looking to acquire a new car at competitive prices
- Stock penetration of our Advanced and Premium packages reached 19% (2018: 12%) as retailers see the benefits of paying more to appear with a greater level of prominence on our marketplace⁹
- Monetisation of our Dealer Finance product achieved 70% penetration amongst eligible retailers. Over 5,000 retailers are paying to advertise their own finance offers with another 3,500 opting to show finance deals from our finance partner on their adverts

- Relunched our Managing products, including a substantial upgrade to Retail Accelerator (formerly i-Control), our most comprehensive tool. The year ended with 3,200 retailers purchasing one of our Managing products
- Formed a joint venture with Cox Automotive called Dealer Auction. The new business provides a platform enabling vehicles to be bought and sold in the B2B market, through offering lower transaction costs and market-leading analytics powered by Auto Trader

Trevor Mather, Chief Executive Officer of Auto Trader Group plc, said:

“We have achieved another strong year of revenue and profit growth driven by a line-up of products that are proven to improve the business performance of our retailer and manufacturer customers.

“We remain the most trusted marketplace for car buyers and offer the largest choice of both new and used cars following the recent addition of brand-new cars on Auto Trader, which are available immediately and at competitive prices.

“The new financial year has started well, and despite the continued wider market uncertainty, the Board is confident of meeting its growth expectations for the year.”

Outlook

The financial year has started well with the success of our annual pricing event and the launch of a new Vehicle Check product for independent retailers.

We expect another strong year of ARPR growth. This will be underpinned by our product lever, albeit the growth in product is not likely to reach the exceptional levels seen in 2019. The price lever will be broadly consistent and the stock lever is likely to be slightly down in line with market trends.

We anticipate average retailer forecourts to be flat year on year.

Consumer services improved in the second half of last year which we expect to continue.

Due to the challenges facing Manufacturers and their agencies, we expect revenue from these customers to decline in the first half of the year.

We do not foresee any issues with Brexit affecting our ability to provide our services, or to materially change our cost base.

We anticipate total operating costs for the year to increase at a rate of low to mid-single digit.

The Board is confident of meeting its growth expectations for the year.

Analyst presentation

A presentation for analysts will be held at the offices of Numis Securities at 9.30am, Thursday 6 June 2019. If you wish to attend, please contact Powerscourt on the details below. Alternatively, you can listen to the presentation via audio webcast at the following link: <https://edge.media-server.com/m6/p/vcgz34im>

For media enquiries

Please contact the team at Powerscourt on +44 (0)20 7250 1446 or email autotrader@powerscourt-group.com

About Auto Trader

Auto Trader Group plc is the UK and Ireland's largest digital automotive marketplace. Auto Trader sits at the heart of the UK's vehicle buying process and its primary activity is to help vehicle retailers compete effectively on the marketplace in order to sell more vehicles, faster. Auto Trader listed on the London Stock Exchange in March 2015 and is now a member of the FTSE 100 Index.

The marketplace brings together the largest and most engaged consumer audience. Auto Trader has over 90% prompted brand awareness and attracts circa 50 million monthly cross platform visits each month, with over 70% of visits coming through mobile devices.

The marketplace also has the largest pool of vehicle sellers (listing around 450,000 cars each day). Around 80% of UK automotive retailers advertise on autotrader.co.uk.

For more information, please visit <http://about-us.autotrader.co.uk>

Cautionary statement

This announcement of annual results does not constitute or form part of and should not be construed as an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Auto Trader Group plc (the "Company") shares or other securities in any jurisdiction nor is it an inducement to enter into investment activity nor should it form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. It does not constitute a recommendation regarding any securities. Past performance, including the price at which the Company's securities have been bought or sold in the past, is no guide to future performance and persons needing advice should consult an independent financial advisor. Certain statements in this announcement constitute forward looking statements (including beliefs or opinions). Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward looking statement. Such forward looking statements are subject to risks and uncertainties, because they relate to events that may or may not occur in the future, that may cause actual results to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this results announcement. As a result you are cautioned not to place reliance on such forward looking statements, which are not guarantees of future performance. Except as is required by applicable laws and regulatory obligations, no undertaking is given to update the forward looking statements contained in this announcement, whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement has been prepared for the Company's group as a whole and, therefore, gives greater emphasis to those matters which are significant to the Company and its subsidiary undertakings when viewed as a whole.

Summary financial performance

	Units	2019	2018	Change
Income statement				
Trade	£m	304.6	281.2	8%
Consumer services	£m	28.0	29.8	(6%)
Manufacturer & Agency	£m	22.5	19.1	18%
Revenue	£m	355.1	330.1	8%
Operating profit	£m	243.7	221.3	10%*
Operating profit margin	%	69%	67%	2% pts*
Profit before tax	£m	242.2	210.7	15%*
Basic earnings per share	pence	21.00	17.74	18%*
Dividend per share	pence	6.7	5.9	14%
Cash flow				
Cash generated from operations ¹	£m	258.5	228.4	13%
Gross external bank debt at March ²	£m	313.0	343.0	(9%)
Leverage ³ at March	times	1.2x	1.5x	
Key performance indicators				
Average Revenue Per Retailer forecourt ⁴	£ per month	1,844	1,695	£149
Physical car stock on site ^{4,5}	number	461,000	453,000	2%
Number of retailer forecourts ⁴	number	13,240	13,213	0%
Cross platform visits ^{4,6}	million per month	49.1	48.7	1%
Share of time spent on site ^{4,7}	%	76%	75%	1% pt
Full page advert views ^{4,8}	million per month	239	246	(3%)
Full-time equivalent employees and contractors ¹ (FTEs)	number	804	824	(2%)

1. Cash generated from operations is defined as net cash generated from operating activities, before corporation tax paid.
2. Gross external bank debt is Borrowings less unamortised debt issue costs.
3. Leverage is external bank debt less cash as a multiple of adjusted underlying EBITDA (earnings before interest, taxation, depreciation and amortisation, share-based payments and associated NI and exceptional items which includes profit on disposal of subsidiaries).
4. Average during the year.
5. Physical car stock advertised on autotrader.co.uk.
6. Cross platform visits measured by Google analytics.
7. Share of minutes is a custom metric based on comScore minutes (m) and is calculated by dividing Auto Trader's total minutes volume by the entire custom-defined competitive set's total minutes volume. The custom-defined list includes: Auto Trader, Gumtree motors, Pistonheads, Motors.co.uk & CarGurus.
8. Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace.
9. Average stock volume for retailers on Advanced and Premium car packages in March 2019.

*Restatement due to the implementation of IFRS 16 Leases

The year ended 31 March 2018 has been restated for the impact of IFRS 16 'Leases' which has been adopted using the fully retrospective approach. For further information on the impact of the change in accounting policies, see note 2 of the consolidated financial statements.

Summary of operating performance

We are focused on our purpose to lead the future of the UK digital automotive marketplace. Our strategy is centred on improving car buying and selling in the UK, evolving the wider automotive ecosystem and maintaining a continued focus on building a culture that enables us to realise this opportunity.

Despite continued tough wider market conditions, we have had a great year. Revenue grew by 8% to £355.1m as retailers and manufacturers recognise the value in our core marketplace and our products. Operating profit grew by 10% with our Operating profit margin increasing to 69%.

We continue to operate the UK's largest digital automotive marketplace and we have maintained our market leading audience position by a significant margin. A large proportion of our audience is unique to Auto Trader, and consumers are more engaged with our platforms compared to any other automotive site.

Average monthly cross platform visits increased by 1% to 49.1 million (2018: 48.7 million). We will now report, where possible, our own internal data as measured by Google Analytics to ensure an accurate picture of the cross platform traffic driven to our marketplace. We have grown our market share of time spent on automotive portals as measured by Comscore to 76% (2018: 75%), which is more than five times that of our nearest competitor. Advert views saw a modest decline in line with broader market trends.

The level of live stock on our site has increased by 2% in the year, as the average number of cars on the marketplace rose to 461,000 (2018: 453,000). The growth was driven by new cars, through our newly launched product, with a small decline in used car volumes which were impacted by supply side tightening at the beginning of the financial year. The average number of retailer forecourts using our marketplace remained stable, increasing slightly to 13,240 (2018: 13,213).

The UK car market

Both the new and used car markets declined in the financial year, although the size of the overall UK car parc continues to grow which benefits our stock-based business model. Predictions suggest that both markets will continue to decline for the calendar year 2019, albeit at a slower rate than in 2018. Economic and political uncertainty plus factors unique to the new car market, for example the continued impact of the Worldwide Harmonised Light Vehicle Test Procedure, continue to impact both new and used car sales.

The Auto Trader Retail Price Index, which tracks the average trade retail price of a used car on a like-for-like basis, stripping out the impact of changes in the mix of cars being sold, shows that prices remain buoyant across the market, increasing over the 12-month period to March 2019 by 3.5%. Petrol and alternatively fuelled vehicles increased by 4.9% and 3.6% respectively, and diesel increased by 2.5%. The average price of a used car throughout the period was £12,520.

Maintaining leadership with car buyers

Consumers are carrying out more of their car buying research online. We commissioned some independent research which found that 52% of consumers who had already started their car buying process claimed to consider the cost of a car as a monthly price, rather than the full retail price. We therefore offer functionality so that consumers can search by monthly payment whilst allowing retailers the option to display their finance pricing to the UK's largest car buying audience earlier in their car buying journey. This Dealer Finance product was monetised with retailers as part of our annual pricing event with over 5,000 retailers now paying to advertise their finance offers. In addition to this, over 3,500 retailers chose to appear in monthly search by advertising finance rates provided by our third-party partner.

This year we have also made a significant step forward in new cars, launching a stock-based product allowing retailers to upload physically available new cars at current retail prices, much the same way as they have been doing for decades with their used car stock. We had over 30,000 of these physical new cars onsite at the end of the financial year, and there's still room for growth as we estimate that there are an additional 90,000 of these cars that exist today but are not actively being

advertised anywhere. Both consumers and retailers are showing strong appetite for the new car offering, however the technical and operational challenges to get these cars online have proven to be high. At present we are offering this product on a free trial basis. We intend to commence charging for the product during the course of this financial year.

We continue to invest in marketing to keep our brand front of mind with consumers, ensuring they are fully aware of all our available products to help make their purchase of a new or used car easier and a more enjoyable experience. An independent brand tracker currently suggests that 78% of consumers would use Auto Trader to help them buy a used car and 70% would use Auto Trader to help them buy a brand-new car. One of this year's campaign highlights was a social campaign called ATGoals which ran during the Football World Cup and gave fans a chance to win a car every time England scored a goal in the tournament. The award-winning campaign culminated in a live TV screening of the semi-final game in our home city of Manchester and was viewed by over 27 million people.

Enhancing the businesses of our retailer and manufacturer customers

Our highest two levels of advertising packages, Advanced and Premium, continue to gain recognition from retailers. These higher yielding packages allow retailers to pay for greater prominence on our marketplace, which drives a higher volume of advert views, enabling those cars to sell faster.

Despite a tougher new car market, manufacturers and agencies continue to see the value in our marketplace to advertise their new cars to consumers, with spend up by 18%. However the short-term challenges faced by both of these customer types did impact our growth in the second half of the year. Our fastest growing product is InSearch which allows manufacturers to reach and influence car buyers in a highly targeted fashion.

We continue to invest in our data products and during the year we completely relaunched new 'Managing' products, Retail Check and Retail Accelerator (formerly known as i-Control). The new products represent a significant enhancement with new and improved data, analytics, design, reporting and goal setting. The number of retailer forecourts using one of these products at the end of the year was 3,200 (2018: 3,000). Over 39% of trade stock is managed using one of these data intelligence solutions, which are now hosted on mobile-friendly platforms. We now provide richer valuation data and a proprietary Retail Rating which takes account of supply and demand, enabling retailers to get a more accurate view of how their stock will perform on the live retail market. Building on the success of its predecessor, i-Control, Retail Accelerator takes a retailer's business goals and creates a daily action plan aligned to their desired stock turn and margin. It enables them to manage their inventory more effectively by constantly tracking changing market conditions and delivering alerts on valuation changes, incorrect pricing and ageing stock, as well as dynamic performance reporting to improve retailers' competitive position.

Investing in our core platform

As a technology business we are constantly improving our core platform and infrastructure which are key enablers of our approach to software and product development. This year we have invested in new public cloud-based solutions enabling security, resilience and importantly speed when it comes to releasing software. Over the last year we have released three times as many software updates, achieving 15,000 in the year. Using the public cloud has also enabled us to increase the visibility of application performance enabling us to highlight and rectify issues in applications quickly to avoid customer impacts.

Joint venture

On 1 January we formed a Joint Venture with Cox Automotive, creating a business called Dealer Auction. The new business provides a platform enabling vehicles to be bought and sold in the B2B market, offering lower transaction costs and market-leading analytics powered by Auto Trader. Since formation, Dealer Auction has transacted over 30,000 vehicles and advertised an additional 58,000 vehicles through the Smart Buying platform.

People and culture

People are our greatest asset, so fostering a culture that is truly values-led, principles-driven and agile and responsive to change, is a fundamental part of our strategy. We work hard to ensure our people are proud to work for the business, and brilliantly 92% said that they were proud to work at Auto Trader in this year's annual employee engagement survey.

Our ambition to become the most admired digital business can only be fulfilled by having a diverse workforce, as well as a deep-rooted desire to make a difference to wider society. We are making progress on our diversity and inclusion strategy and continue to develop initiatives to drive greater gender balance across all levels in the organisation. Our Gender Pay Gap Report showed an improvement this year, but there is still more work to be done.

The Board

In April 2019, Trevor Mather announced his intention to retire as CEO from the Company and step down from the Board on 31st March 2020. Nathan Coe, previously COO and CFO, will replace Trevor Mather as CEO and Jamie Warner, previously Deputy CFO, is intended to be promoted to CFO and join the board in due course. Catherine Faiers has been promoted to the role of COO, having previously been the Company's Operations Director, and joined the Board from May 2019.

Financial Review

Revenue

In 2019, we saw another strong year of revenue growth at 8%, climbing to £355.1m (2018: £330.1m), predominantly through Trade revenue, and more specifically Retailer revenue, as our core business continued to grow.

	2019 £m	2018 £m	Change %
Retailer	293.0	268.7	9%
Home Trader	10.2	11.4	(11%)
Other	1.4	1.1	27%
Trade	304.6	281.2	8%
Consumer Services	28.0	29.8	(6%)
Manufacturer and Agency	22.5	19.1	18%
Total	355.1	330.1	8%

Trade revenue-comprising Retailers, Home Traders and other revenue-increased by 8% to £304.6m (2018: £281.2m). Retailer revenue grew 9% to £293.0m (2018: £268.7m), driven by the launch of new products, our annual pricing event and further penetration of higher yielding advertising packages. Average Revenue Per Retailer ('ARPR') improved by £149 to £1,844 per month (2018: £1,695). Average retailer forecourts were stable, with a marginal increase in the year to 13,240 (2018: 13,213).

ARPR growth of £149 per month was broken down as follows into our three levers: price, stock and product.

- **Price:** Our price lever contributed £50 (2018: £43) and 34% (2018: 29%) of total ARPR growth. We executed our annual event for the vast majority of customers on 1 April 2018 which included a like-for-like price increase.
- **Stock:** A small contraction in stock had a negative effect on ARPR growth of £22 (2018: positive effect of £20) and was -15% (2018: +13%) of total ARPR growth. A reduction in the number of new cars registered, lower volumes of pre-registration and some consumer uncertainty led to a lack of used car supply in the market during the first half of the year. Retailer stock has seen some level of recovery through the second half of the year although the market is still challenging.
- **Product:** Our product lever contributed £121 (2018: £86) and 81% (2018: 58%) of total ARPR growth. Our annual event allowed us to introduce two new products, stock exports and profile pages, into all package levels and we

also monetised our Dealer Finance product following a trial period. Since 1 April 2018, over 5,000 retailers have opted to pay for the opportunity to advertise their finance offers against their cars, representing 70% of all eligible retailers. In addition, the penetration of our higher yielding Advanced and Premium advertising packages has continued to grow as retailers recognise the value of receiving greater prominence within our search listings. At the end of March 2019, 19% of retailer cars advertised were on one of these levels (March 2018: 12%). There was also a small contribution from our Managing products, which despite re-platforming and continued development in the year, still saw growth to 3,200 customers (2018: 3,000).

Home Trader had a challenging year declining 11% to £10.2m (2018: £11.4m), as volumes were impacted by supply constraints, particularly in older, less expensive vehicles which are often traded in this segment and we saw some of these customers move to take up subscription packages. Other revenue increased 27% to £1.4m (2018: £1.1m).

Consumer Services revenue decreased 6% in the year to £28.0m (2018: £29.8m). Private revenue, generated from individual sellers who pay to advertise their vehicle on the Group's website, declined 7% to £20.1m (2018: £21.6m), impacted by a lack of supply in older vehicles, a greater propensity to part-exchange (influenced by the transparency we have enabled for part-exchange values), and increased competition. Motoring Services revenue decreased 4% to £7.9m (2018: £8.2m), as we discontinued a low yielding display product, the impact of which outweighed growth from our finance and insurance third-party partners.

Manufacturer and Agency revenue grew 18% to £22.5m (2018: £19.1m). The level of growth, which was skewed towards the first half of the year, was largely driven by InSearch; our native performance product which allows manufacturers to advertise new cars directly within our main search, providing a highly targeted way to influence in-market car buyers. In the second half of the year we have seen what we believe to be a transient impact as a result of the well documented uncertainties resulting from Brexit and cost pressures facing both car manufacturers and their advertising agencies.

Administrative expenses

The Group has adopted IFRS 16 'Leases' in the period, which impacts Other costs and Depreciation & amortisation within Operating profit. Property and vehicle rental charges are no longer included in other costs, and depreciation now includes depreciation on leased assets. Prior period comparatives have been restated to reflect these changes as the fully retrospective approach has been used.

Operating costs continue to be well controlled, with administrative expenses increasing by 3% to £112.3m (2018 restated: £108.8m).

Costs	(Restated)		Change %
	2019 £m	2018 £m	
People costs	56.4	54.8	3%
Marketing	17.6	16.3	8%
Other costs	29.4	28.7	2%
Depreciation & amortisation	8.9	9.0	(1%)
Total administrative expenses	112.3	108.8	3%

People costs, which comprise all staff costs including third-party contractor costs, increased by 3% in the year to £56.4m (2018: £54.8m). The increase in people costs was driven primarily by underlying salary costs which increased due to strong competition for digital talent, however this has been partially offset by a reduction in average full-time equivalent employees ('FTEs') (including contractors) to 804 (2018: 824). The number of FTEs was particularly impacted in the fourth quarter by the transfer of 15 staff to Dealer Auction, our joint venture with Cox Automotive UK. Share-based payments, including applicable national insurance costs of £5.9m (2018: £3.7m), have been included within people costs. The year-on-year increase in the share-based payment charge was due to leavers under the Performance Share Plan in 2018 for which a credit was recognised in the prior year, and a change in the way senior management are remunerated. The Group now settles a greater proportion of the senior management incentive scheme in shares which increases the share-based payment charge with an offset realised within cash bonuses.

Marketing spend increased in line with revenue by 8% to £17.6m (2018: £16.3m), as we look to maintain and enhance our audience position and educate consumers on new products such as new car offerings and search by monthly payment.

Other costs, which include data services, property related costs and other overheads, remain well controlled and increased by 2% on a like-for-like basis to £29.4m (2018 restated: £28.7m).

Depreciation & amortisation remained broadly flat at £8.9m (2018 restated: £9.0m). Within this was depreciation of £2.0m in relation to lease assets (2018 restated: £1.9m).

Operating profit

In the year, Operating profit grew 10% to £243.7m (2018 restated: £221.3m). Operating profit margin increased by two percentage points to 69% (2018: 67%).

	2019	(Restated) 2018	Change
	£m	£m	%
Revenue	355.1	330.1	8%
Administrative expenses	(112.3)	(108.8)	(3%)
Share of profits from joint ventures	0.9	-	n.m
Operating profit	243.7	221.3	10%

On 31 December 2018, following clearance from the Competition and Markets Authority, the Group completed its joint venture agreement with Cox Automotive UK Limited. The new combined business, called Dealer Auction, provides a leading digital marketplace for B2B transactions in the UK. The Group transferred Smart Buying (formally known as Autotrade-mail), its retailer-to-retailer platform, to the joint venture and paid Cox Automotive UK Limited £19.7m to hold 49% of the new entity. The transfer of the business, combined with the recognition of profits generated by Dealer Auction from the point of completion, had the following impact on Operating profit:

- a reduction in Average Revenue Per Retailer ('ARPR') of £3;
- no effect on costs overall. People costs reduced by £0.4 million, but were offset by increased overheads resulting from amounts payable to the joint venture for continued access to Smart Buying for Auto Trader i-Control customers; and
- the share of the profit from the joint venture at £0.9 million.

Profit before taxation

Profit before taxation increased by 15% to £242.2m (2018 restated: £210.7m) following the Operating profit performance, a small reduction in net finance costs at £10.2m (2018 restated: £10.6m) and a one-off profit on disposal of subsidiary of £8.7m created by the transfer of our Smart Buying business to the joint venture, Dealer Auction.

In June 2018, the Group signed into a five-year £400m Syndicated revolving credit facility (the 'Syndicated RCF') to replace the Syndicated Term Loan and the former revolving credit facility. The new facility allows the Group greater flexibility to manage cash flows and allows for further reduction on margin payable as the Group's leverage decreases further. Following the year end the Group extended the term for £316.5m of the facility for an additional year.

Interest costs on the new Syndicated RCF, the Syndicated Term Loan and the former revolving credit facility were £6.5m (2018: £6.8m) reflecting a lower level of drawn debt offset by a small increase in both LIBOR and the margin payable given the increased level of debt flexibility. Amortisation of debt issue costs of £2.8m (2018: £3.0m) included £2.2m of accelerated

costs relating to the previous facility following the decision to refinance before the termination date of March 2020. Following the adoption of IFRS 16, finance costs relating to leases were £0.9m (2018 restated: £0.8m).

As part of the joint venture entered into with Cox Automotive UK, the Group disposed of its Smart Buying business, Auto Trader Auto Stock Limited, for which it recognised a profit on disposal of £8.7m. The profit recognised on the disposal has no cash impact as consideration was in the form of shares in the newly formed Dealer Auction business.

Taxation

The Group tax charge of £44.5m (2018 restated: £39.6m) represents an effective tax rate of 18% (2018: 19%) which, when allowing for the profit on disposal above which was non-taxable, is in line with the average standard UK rate and a reflection of our taxation policy to act in a responsible and transparent manner in all tax matters.

Earnings per share

Basic earnings per share rose by 18% to 21.00 pence (2018 restated: 17.74 pence) based on a weighted average number of ordinary shares in issue of 941,506,424 (2018: 964,516,212). Diluted earnings per share of 20.94 pence (2018 restated: 17.68 pence) increased by 18%, based on 944,254,998 shares (2018: 967,912,689) which takes into account the dilutive impact of outstanding share awards.

Cash flow and net external debt

Cash generated from operations increased by 13% to £258.5m (2018 restated: £228.4m) and was achieved as a result of strong Operating profit with low working capital requirements and a high level of cash conversion driven by a particularly strong performance in terms of customer payments and collections.

Corporation tax payments totalled £42.2m (2018: £39.4m). Net cash generated from operating activities was £216.3m (2018 restated: £189.0m).

At 31 March 2019 the Group had £313.0m of the Syndicated revolving credit facility drawn (31 March 2018: £343.0m borrowed under the former Syndicated Term Loan), representing a net repayment of £30.0m (2018: £20.0m repayment). Leverage, defined as the ratio of gross borrowings less cash to Adjusted underlying EBITDA, decreased to 1.19x (2018: 1.46x). Interest paid on these financing arrangements was £6.6m (2018: £6.7m).

Capital structure and dividends

During the year, a total of 20.2m shares (2018: 26.8m) were repurchased for a total consideration of £93.5m (2018: £96.2m) before transaction costs of £0.5m (2018: £0.5m). A further £57.6m (2018: £52.2m) was paid in dividends, giving a total of £151.1m (2018: £148.4m) in cash returned to shareholders.

The Directors are recommending a final dividend for the year of 4.6 pence per share, which together with the interim dividend makes a total dividend of 6.7 pence per share, amounting to £62.4m, in line with our policy of distributing approximately one third of net income. Subject to shareholders' approval at the Annual General Meeting ('AGM') on 19 September 2019, the final dividend will be paid on 27 September 2019 to shareholders on the register of members at the close of business on 30 August 2019.

The Group's capital allocation policy remains unchanged: continuing to invest in the business enabling it to grow whilst returning around one third of net income to shareholders in the form of dividends. Any surplus cash following these activities will be used to continue our share buyback programme and to steadily reduce gross indebtedness.

At the 2018 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 94,802,631 of its ordinary shares, subject to minimum and maximum price restrictions.

This authority will expire at the conclusion of the 2019 AGM and the Directors intend to seek a similar general authority from shareholders at the 2019 AGM. The share buy-back programme will be ongoing, and any purchases of its shares

made by the Company under the programme will be affected in accordance with the Company's general authority to repurchase shares, Chapter 12 of the UKLA Listing Rules and relevant conditions for trading restrictions regarding time and volume, disclosure and reporting obligations and price conditions.

Contingent liability

The Group previously reported a contingent liability in respect of the rate of VAT applicable to our insurance intermediary revenue within Consumer services, dating back from 2013 onwards. As reported at the half year, in July 2018 HMRC confirmed the Group's treatment of insurance intermediary revenue for VAT purposes was appropriate. The Group did not incur any liability and the enquiry in respect of this matter is now closed.

Post balance sheet event

On 5 June 2019, the Group extended the term for £316.5m of the Syndicated revolving credit facility for one year. The facility will now terminate in two tranches: £316.5m will mature in June 2024; and £83.5.0m will mature at the original termination date of June 2023. There is no change to the interest rate payable and there is no requirement to settle all, or part, of the debt earlier than the termination dates stated.

Trevor Mather
Chief Executive Officer
6 June 2019

Nathan Coe
Chief Financial Officer & Chief Executive Officer-designate
6 June 2019

Consolidated income statement

For the year ended 31 March 2019

	Note	2019 £m	(Restated) 2018 £m
Revenue	3	355.1	330.1
Administrative expenses		(112.3)	(108.8)
Share of profit from joint ventures	11	0.9	–
Operating profit	4	243.7	221.3
Finance costs	5	(10.2)	(10.6)
Profit on the sale of subsidiary	6	8.7	–
Profit before taxation		242.2	210.7
Taxation	7	(44.5)	(39.6)
Profit for the year attributable to equity holders of the parent		197.7	171.1
Basic earnings per share			
From profit for the year (pence per share)	8	21.00	17.74
Diluted earnings per share			
From profit for the year (pence per share)	8	20.94	17.68

The Group has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers', and IFRS 16 'Leases' from 1 April 2018. The year ended 31 March 2018 has been restated for IFRS 16 which was implemented using the fully retrospective method. For further information on the impact of the change in accounting policies, see note 2 of these consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 March 2019

	2019 £m	(Restated) 2018 £m
Profit for the year	197.7	171.1
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(0.1)	0.2
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	0.2	–
Other comprehensive income for the year, net of tax	0.1	0.2
Total comprehensive income for the year attributable to equity holders of the parent	197.8	171.3

Currency translation differences arise on the consolidation of the Group's subsidiaries that have a functional currency other than sterling.

The Group has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers', and IFRS 16 'Leases' from 1 April 2018. The year ended 31 March 2018 has been restated for IFRS 16 which was implemented using the fully retrospective method. For further information on the impact of the change in accounting policies, see note 2 of these consolidated financial statements.

Consolidated balance sheet

At 31 March 2019

	Note	2019 £m	(Restated) 2018 £m
Assets			
Non-current assets			
Intangible assets		317.5	329.8
Property, plant and equipment	9	16.7	19.7
Deferred taxation assets		6.2	5.3
Net investments in joint ventures	11	49.0	–
		389.4	354.8
Current assets			
Trade and other receivables		56.1	54.9
Cash and cash equivalents		5.9	4.3
		62.0	59.2
Total assets		451.4	414.0
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	13	9.3	9.5
Retained earnings		1,095.8	1,042.7
Capital reorganisation reserve		(1,060.8)	(1,060.8)
Own shares held	14	(16.5)	(16.9)
Capital redemption reserve		0.7	0.5
Other reserves		30.5	30.6
Total equity		59.0	5.6
Liabilities			
Non-current liabilities			
Borrowings	12	310.3	340.8
Deferred taxation liabilities		0.5	0.7
Retirement benefit obligations		–	–
Provisions for other liabilities and charges		1.0	–
Lease liabilities		14.3	16.0
		326.1	357.5
Current liabilities			
Trade and other payables		41.8	28.5
Current income tax liabilities		22.4	19.9
Lease liabilities		1.8	2.2
Provisions for other liabilities and charges		0.3	0.3
		66.3	50.9
Total liabilities		392.4	408.4
Total equity and liabilities		451.4	414.0

The Group has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers', and IFRS 16 'Leases' from 1 April 2018. The year ended 31 March 2018 has been restated for IFRS 16 which was implemented using the fully retrospective method. For further information on the impact of the change in accounting policies, see note 2 of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue.

Nathan Coe

Chief Financial Officer & Chief Executive Officer-designate

6 June 2019

Auto Trader Group plc

Registered number 09439967

Consolidated statement of changes in equity

For the year ended 31 March 2019

	Share capital £m	Retained earnings £m	Own shares held £m	Capital reorg reserve £m	Capital redemption reserve £m	Other reserves £m	Total equity £m
Balance at March 2017 as previously reported	9.8	1,015.9	(16.9)	(1,060.8)	0.2	30.4	(21.4)
Impact in change of accounting policy	–	1.2	–	–	–	–	1.2
Restated balance at 31 March 2017	9.8	1,017.1	(16.9)	(1,060.8)	0.2	30.4	(20.2)
Profit for the year (restated)	–	171.1	–	–	–	–	171.1
Other comprehensive income:							
Currency translation differences	–	–	–	–	–	0.2	0.2
Total comprehensive income, net of tax	–	171.1	–	–	–	0.2	171.3
Transactions with owners:							
Employee share schemes – value of employee services	–	3.3	–	–	–	–	3.3
Tax impact of employee share schemes	–	0.1	–	–	–	–	0.1
Cancellation of shares	(0.3)	(96.7)	–	–	0.3	–	(96.7)
Dividends paid	–	(52.2)	–	–	–	–	(52.2)
Total transactions with owners, recognised directly in equity	(0.3)	(145.5)	–	–	0.3	–	(145.5)
Balance at March 2018 (restated)	9.5	1,042.7	(16.9)	(1,060.8)	0.5	30.6	5.6
Profit for the year	–	197.7	–	–	–	–	197.7
Other comprehensive income:							
Currency translation differences	–	–	–	–	–	(0.1)	(0.1)
Remeasurements of post-employment benefit obligations	–	0.2	–	–	–	–	0.2
Total comprehensive income, net of tax	–	197.9	–	–	–	(0.1)	197.8
Transactions with owners:							
Employee share schemes – value of employee services	–	4.7	–	–	–	–	4.7
Exercise of employee share schemes	–	(3.7)	5.6	–	–	–	1.9
Transfer of shares from ESOT	–	(0.6)	0.6	–	–	–	–
Tax impact of employee share schemes	–	0.6	–	–	–	–	0.6
Cancellation of shares	(0.2)	(88.2)	–	–	0.2	–	(88.2)
Acquisition of treasury shares	–	–	(5.8)	–	–	–	(5.8)
Dividends paid	–	(57.6)	–	–	–	–	(57.6)
Total transactions with owners, recognised directly in equity	(0.2)	(144.8)	0.4	–	0.2	–	(144.4)
Balance at March 2019	9.3	1,095.8	(16.5)	(1,060.8)	0.7	30.5	59.0

The Group has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers', and IFRS 16 'Leases' from 1 April 2018. The year ended 31 March 2018 has been restated for IFRS 16 which was implemented using the fully retrospective method. For further information on the impact of the change in accounting policies, see note 2 of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2019

	Note	2019 £m	(Restated) 2018 £m
Cash flows from operating activities			
Cash generated from operations	16	258.5	228.4
Income taxes paid		(42.2)	(39.4)
Net cash generated from operating activities		216.3	189.0
Cash flows from investing activities			
Purchases of intangible assets – financial systems		(0.3)	(0.3)
Purchases of intangible assets – other		(0.3)	(0.3)
Purchases of property, plant and equipment		(1.7)	(2.3)
Payment for acquisition of shares in joint ventures		(19.7)	–
Payment for acquisition of subsidiary, net of cash acquired		–	(11.9)
Net cash used in investing activities		(22.0)	(14.8)
Cash flows from financing activities			
Dividends paid to Company's shareholders		(57.6)	(52.2)
Repayment of Syndicated Term Loan		(343.0)	(20.0)
Drawdown of Syndicated revolving credit facility		447.1	–
Repayment of Syndicated revolving credit facility		(134.1)	–
Payment of refinancing fees		(3.3)	–
Payment of interest on borrowings		(6.6)	(6.7)
Payment of lease liabilities		(3.1)	(2.3)
Purchase of own shares for cancellation		(87.7)	(96.2)
Purchase of own shares for treasury		(5.8)	–
Payment of fees on repurchase of own shares		(0.5)	(0.5)
Proceeds from exercise of share-based incentives		1.9	–
Net cash used in financing activities		(192.7)	(177.9)
Net decrease in cash and cash equivalents		1.6	(3.7)
Cash and cash equivalents at beginning of year		4.3	8.0
Cash and cash equivalents at end of year		5.9	4.3

The Group has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers', and IFRS 16 'Leases' from 1 April 2018. The year ended 31 March 2018 has been restated for IFRS 16 which was implemented using the fully retrospective method. For further information on the impact of the change in accounting policies, see note 2 of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), IFRS Interpretation Committee ('IFRS IC'), certain interpretations as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS.

The following new standards, and amendments to standards, have been adopted by the Group for the first time for the financial year beginning on 1 April 2018:

- IFRS 9, Financial Instruments;
- IFRS 15, Revenue from Contracts with Customers;
- IFRS 16 Leases;
- Classification and Measurement of Share-Based Payment Transactions – Amendments to IFRS 2;
- Annual Improvements to IFRS Standards 2014-2016 Cycle; and
- Interpretation 22, Foreign Currency Transactions and Advance Consideration

The impacts of adopting IFRS 9, IFRS 15 and IFRS 16 have been detailed in note 2. The adoption of the remaining standards have had no material effect on the Group's consolidated financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Group:

- IFRIC 23, Uncertainty over income tax treatments was issued in June 2017. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. Mandatory for financial years commencing on or after 1 January 2019. The Group has not adopted IFRIC 23 before its mandatory date. This standard is not expected to have a significant effect on the Group's financial statements.

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention.

The financial information set out in this document does not constitute the statutory accounts of the Group for the financial years ended 31 March 2019 or 31 March 2018 but is derived from the 2019 Annual Report and Financial Statements. The Annual Report and Financial Statements for 2019 will be delivered to the Registrar of Companies in due course. The auditors have reported on those accounts and have given an unqualified report, which does not contain a statement under Section 498 of the Companies Act 2006.

Going concern

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for a period not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. Significant accounting policies

a) Changes in significant accounting policies

The following new standards, and amendments to standards, have been adopted by the Group for the first time for the financial year beginning on 1 April 2018:

- IFRS 9, Financial Instruments;
- IFRS 15, Revenue from Contracts with Customers;
- IFRS 16 Leases;
- Classification and Measurement of Share-Based Payment Transactions – Amendments to IFRS 2;
- Annual Improvements to IFRS Standards 2014-2016 Cycle; and
- Interpretation 22, Foreign Currency Transactions and Advance Consideration

b) Impact of adoption of IFRS 9, 15 and 16 on the Group's consolidated financial statements

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue and related interpretations. The Group has adopted IFRS 15 using the retrospective method and therefore the effect of applying IFRS 15 to the comparative period has been considered.

Under IAS 18 revenue was recognised either over time where there was continuing service provided by the Group to the customer or at the point in time when the risks and rewards of ownership transferred to the customer. Under IFRS 15 revenue is recognised when performance obligations are satisfied. For the Group the transfer of control under IFRS 15 and satisfaction of performance obligations remains consistent with the transfer of risks and rewards to the customer under IAS 18. Consequently, there were no adjustments required on application of IFRS 15.

Accounting policy for revenue

Revenue is measured based on the consideration specified in a contract with a customer and is recognised when a customer obtains control of the services. Revenue is stated net of discounts, rebates, refunds and value-added tax.

Revenue principally represents the amounts receivable from customers for advertising on the Group's platforms but also includes non-advertising services such as data services. The different types of products and services offered to customers along with the nature and timing of satisfaction of performance obligations are set out below:

(i) Trade revenue

Trade revenue comprises fees from Retailers, Home Traders and logistics customers for advertising on the Group's platforms and utilising the Group's services.

Retailer revenue

Retailer customers pay a monthly subscription fee to advertise their stock on the Group's platforms. Control is obtained by customers across the life of the contract as their stock is continually listed. Contracts for these services are agreed at a retailer or retailer group level and are ongoing subject to a 30-day notice period.

Retailers have the option to enhance their presence on the platform through additional products, each of which has a distinct performance obligation. For products that provide enhanced exposure across the life of the product, control is passed to the customer over time. Revenue is only recognised at a point in time for additional advertising products where the customer does not receive the benefit until they choose to apply the product. Additional advertising products are principally billed on a monthly subscription basis in line with their core advertising package, however certain products are billed on an individual charge basis.

The Group also generates revenue from retailers for data and valuation services under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers either across the life of the contract where customers are licensed to use the Group's services or at a point in time when a one-off data service is provided.

Contract modifications occur on a regular basis as customers change their stock levels or add or remove additional advertising products from their contracts. Following a contract modification, the customer is billed in line with the delivery of the

remaining performance obligations. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

Home Trader revenue

Home Trader customers pay a fee in advance to advertise a vehicle on the Group's platform for a specified period of time. Revenue is deferred until the customer obtains control over the services. Control is obtained by customers across the life of the contract as their vehicle is continually listed. Contracts for these services are entered into for a period of between two and three weeks.

Logistics revenue

Logistics customers pay a monthly subscription fee for access to the Group's Motor Trade Delivery platform. Control is obtained by customers across the life of the contract as their access is continuous. Contracts for these services are agreed at a customer level and are ongoing subject to a 30-day notice period.

Logistics customers have the option to bid on vehicle moves advertised by retailers on the platform. The logistics customer pays a fee if they are successful in obtaining business from retailers through the Group's marketplace. Revenue is recognised at the point in time when the vehicle move has been completed. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

(ii) Consumer Services revenue

Consumer Services comprises fees from private sellers for vehicle advertisements on the Group's websites, and third-party partners who provide services to consumers relating to their motoring needs, such as insurance and loan finance. Private customers pay a fee in advance to advertise a vehicle on the Group's platform for a specified period of time. Control is obtained by customers across the life of the contract as their stock is continually listed. Contracts for these services are entered into for a period of between two and six weeks. Revenue is generated from third-party partners who utilise the Group's platforms to advertise their products under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers at a point in time when the service is provided.

(iii) Manufacturer and Agency revenue

Revenue is generated from manufacturers and their advertising agencies for placing display advertising for their brand or vehicle on the Group's websites under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers across the life of the contract as their advertising is displayed on the different platforms. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

IFRS 16 Leases

IFRS 16 Leases was issued in January 2016, and was endorsed by the EU in 2017. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. The Group has elected to early adopt IFRS 16, with a date of initial application of 1 April 2018, using the fully retrospective approach. Comparative information has therefore been restated.

The adoption of IFRS 16 had a material impact on the Group's financial statements with the recognition of new right of use assets and lease liabilities on the Group's Consolidated balance sheet. The nature of expenses related to those leases has also changed as the straight-line operating lease expense has been replaced with a depreciation charge for right of use assets and interest expense on lease liabilities.

Accounting policy for leases

At inception of a contract, the Group assesses whether or not 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. When a lease is recognised in a contract the Group 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 the initial amount of the lease liability adjusted for any lease prepayments 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 located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment.

In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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 Group's incremental borrowing rate. The weighted average incremental borrowing rate used to measure the lease liability at initial application was 4.9%.

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 arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group presents right of use assets in property, plant and equipment and leased liabilities in lease liabilities in the Consolidated balance sheet.

The Group has applied the recognition exemption of low value leases. For these leases, the lease payments are charged to the income statement on a straight-line basis over the term of the lease.

Adopting this standard using the fully retrospective approach resulted in a £0.7m credit to Operating profit for the year ended 31 March 2019 (2018: £0.7m credit to Operating profit).

IFRS 9 Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and simplifies the classification of financial assets for measurement purposes. Comparative information has not been restated and continues to be reported under IAS 39.

The Group has applied IFRS 9 from 1 April 2018 with the measurement of financial assets, and in particular the provision for trade receivables, being considered. There has been no impact on the Consolidated income statement or Consolidated balance sheet following the adoption of IFRS 9.

Accounting policy for financial instruments

IFRS 9 eliminates the previous IAS 39 category for financial assets of loans and receivables. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through profit or loss or fair value through other comprehensive income.

A financial asset is measured at amortised cost if it meets both of the following conditions: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under IFRS 9, trade receivables, without a significant financing component, are classified and held at amortised cost, being initially measured at the transaction price and subsequently measured at amortised cost less any impairment loss.

IFRS 9 introduces an 'expected credit loss' model ('ECL') for recognising impairment of financial assets held at amortised cost. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group assesses whether a financial asset is in default on a case by case basis when it becomes probable that the customer is unlikely to pay its credit obligations. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For all customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

Accounting policy for financial instruments in 2018

The Group classifies its financial assets in the categories of loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated balance sheet.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

Impact of adoption of IFRS 9, 15 and 16 on the financial statements

The following statements summarise the impacts of adopting IFRS 16 on the Group's Consolidated statement of comprehensive income, Consolidated balance sheet and its Consolidated statement of cash flows as at and for the year ended 31 March 2019 and the comparative year. The adoption of IFRS 9 and IFRS 15 have had no material effect on the Group's Consolidated statement of comprehensive income, Consolidated balance sheet and its Consolidated statement of cash flows.

Impact on the Consolidated statement of comprehensive income

	2019		2018		2018 Restated £m	
	Under previous policy £m	IFRS 16 adjustments £m	2019 Reported £m	As previously reported £m		IFRS 16 adjustments £m
Revenue	355.1	–	355.1	330.1	–	330.1
Administrative expenses	(113.0)	0.7	(112.3)	(109.5)	0.7	(108.8)
Share of profit from joint ventures	0.9	–	0.9	–	–	–
Operating profit	243.0	0.7	243.7	220.6	0.7	221.3
Finance costs	(9.3)	(0.9)	(10.2)	(9.8)	(0.8)	(10.6)
Profit on disposal of subsidiary, net of tax	8.7	–	8.7	–	–	–
Profit before taxation	242.4	(0.2)	242.2	210.8	(0.1)	210.7
Taxation	(44.5)	–	(44.5)	(39.5)	(0.1)	(39.6)
Profit for the year	197.9	(0.2)	197.7	171.3	(0.2)	171.1
Other comprehensive income for the year, net of tax	0.1	–	0.1	0.2	–	0.2
Total comprehensive income for the year attributable to equity holders of the parent	198.0	(0.2)	197.8	171.5	(0.2)	171.3
Basic earnings per share (pence)	21.02	(0.02)	21.00	17.76	(0.02)	17.74
Diluted earnings per share (pence)	20.96	(0.02)	20.94	17.70	(0.02)	17.68

Impact on the Consolidated balance sheet

	2019 £m		2018 £m			
	Under previous policy £m	IFRS 16 adjustments £m	2019 Reported £m	As previously reported £m	IFRS 16 adjustments £m	2018 Restated £m
Assets						
Non-current assets						
Intangible assets	317.5	–	317.5	329.8	–	329.8
Property, plant and equipment	4.8	11.9	16.7	6.0	13.7	19.7
Deferred taxation assets	5.9	0.3	6.2	5.1	0.2	5.3
Net investments in joint ventures	49.0	–	49.0	–	–	–
	377.2	12.2	389.4	340.9	13.9	354.8
Current assets						
Trade and other receivables	56.7	(0.6)	56.1	55.5	(0.6)	54.9
Cash and cash equivalents	5.9	–	5.9	4.3	–	4.3
	62.6	(0.6)	62.0	59.8	(0.6)	59.2
Total assets	439.8	11.6	451.4	400.7	13.3	414.0
Equity and liabilities						
Equity attributable to equity holders of the parent						
Share capital	9.3	–	9.3	9.5	–	9.5
Retained earnings	1,094.9	0.9	1,095.8	1,041.7	1.0	1,042.7
Capital reorganisation reserve	(1,060.8)	–	(1,060.8)	(1,060.8)	–	(1,060.8)
Own shares held	(16.5)	–	(16.5)	(16.9)	–	(16.9)
Capital redemption reserve	0.7	–	0.7	0.5	–	0.5
Other reserves	30.5	–	30.5	30.6	–	30.6
Total equity	58.1	0.9	59.0	4.6	1.0	5.6
Liabilities						
Non-current liabilities						
Borrowings	310.3	–	310.3	340.8	–	340.8
Deferred taxation liabilities	0.5	–	0.5	0.7	–	0.7
Retirement benefit obligations	–	–	–	–	–	–
Provisions for other liabilities and charges	1.1	(0.1)	1.0	1.1	(1.1)	–
Lease liabilities	–	14.3	14.3	–	16.0	16.0
	311.9	14.2	326.1	342.6	14.9	357.5
Current liabilities						
Trade and other payables	47.1	(5.3)	41.8	33.3	(4.8)	28.5
Current income tax liabilities	22.4	–	22.4	19.9	–	19.9
Lease liabilities	–	1.8	1.8	–	2.2	2.2
Provisions for other liabilities and charges	0.3	–	0.3	0.3	–	0.3
	69.8	(3.5)	66.3	53.5	(2.6)	50.9
Total liabilities	381.7	10.7	392.4	396.1	12.3	408.4
Total equity and liabilities	439.8	11.6	451.4	400.7	13.3	414.0

Impact on the Consolidated statement of cash flows

	2019 £m			2018 £m		
	Under previous policy £m	IFRS 16 adjustments £m	2019 Reported £m	As previously reported £m	IFRS 16 adjustments £m	2018 Restated £m
Profit for the year	242.4	(0.2)	242.2	210.8	(0.1)	210.7
Adjustments for:						
Depreciation	2.9	2.0	4.9	3.0	1.9	4.9
Amortisation	4.0	–	4.0	4.1	–	4.1
Share-based payments charge (excluding associated NI)	4.7	–	4.7	3.3	–	3.3
Share of profit in joint ventures	(0.9)	–	(0.9)	–	–	–
Profit on sale of fixed assets	0.1	–	0.1	–	–	–
Difference between pension charge and cash contributions	0.3	–	0.3	–	–	–
Finance costs	9.3	0.9	10.2	9.8	0.8	10.6
Profit on disposal of subsidiary	(8.7)	–	(8.7)	–	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation):						
Trade and other receivables	(1.5)	–	(1.5)	(3.5)	0.6	(2.9)
Trade and other payables	1.8	0.4	2.2	(1.5)	(0.8)	(2.3)
Provisions	1.0	–	1.0	0.1	(0.1)	–
Cash generated from operations	255.4	3.1	258.5	226.1	2.3	228.4
Tax paid	(42.2)	–	(42.2)	(39.4)	–	(39.4)
Net cash generated from operating activities	213.2	3.1	216.3	186.7	2.3	189.0
Cash flows from investing activities						
Purchases of intangible assets – financial systems	(0.3)	–	(0.3)	(0.3)	–	(0.3)
Purchases of intangible assets – other	(0.3)	–	(0.3)	(0.3)	–	(0.3)
Purchases of property, plant and equipment	(1.7)	–	(1.7)	(2.3)	–	(2.3)
Payment for acquisition of shares in joint ventures	(19.7)	–	(19.7)	–	–	–
Payment for acquisition of subsidiary, net of cash acquired	–	–	–	(11.9)	–	(11.9)
Net cash used in investing activities	(22.0)	–	(22.0)	(14.8)	–	(14.8)
Cash flows from financing activities						
Dividends paid to Company's shareholders	(57.6)	–	(57.6)	(52.2)	–	(52.2)
Repayment of Syndicated Term Loan	(343.0)	–	(343.0)	(20.0)	–	(20.0)
Drawdown of Syndicated revolving credit facility	447.1	–	447.1	–	–	–
Repayment of Syndicated revolving credit facility	(134.1)	–	(134.1)	–	–	–
Payment of refinancing fees	(3.3)	–	(3.3)	–	–	–
Payment of interest on borrowings	(6.6)	–	(6.6)	(6.7)	–	(6.7)
Payment of lease liabilities	–	(3.1)	(3.1)	–	(2.3)	(2.3)
Purchase of own shares for cancellation	(87.7)	–	(87.7)	(96.2)	–	(96.2)
Purchase of own shares for treasury	(5.8)	–	(5.8)	–	–	–
Payment of fees on repurchase of own shares	(0.5)	–	(0.5)	(0.5)	–	(0.5)
Proceeds from exercise of share-based payments	1.9	–	1.9	–	–	–
Net cash used in financing activities	(189.6)	(3.1)	(192.7)	(175.6)	(2.3)	(177.9)
Net decrease in cash and cash equivalents	1.6	–	1.6	(3.7)	–	(3.7)
Cash and cash equivalents at beginning of year	4.3	–	4.3	8.0	–	8.0
Cash and cash equivalents at end of year	5.9	–	5.9	4.3	–	4.3

3. Revenue

The Group's operations and main revenue streams are those described in these annual financial statements. The Group's revenue is derived from contracts with customers. The nature and effect of initially applying IFRS 15 on the Group's financial statements is disclosed in note 2.

In the following table the Group's revenue is disaggregated by customer type. This level of disaggregation is consistent with that used by the Operational Leadership Team (the 'OLT'), which is the chief operating decision-maker, to assist in the analysis of the Group's revenue-generating trends.

	2019 £m	2018 £m
Revenue		
Retailer	293.0	268.7
Home Traders	10.2	11.4
Other	1.4	1.1
Trade	304.6	281.2
Consumer Services	28.0	29.8
Manufacturer and Agency	22.5	19.1
Total revenue	355.1	330.1

4. Operating profit

Operating profit is stated after charging:

	Note	2019 £m	(Restated) 2018 £m
Staff costs		(56.0)	(54.5)
Contractor costs		(0.4)	(0.4)
Depreciation of property, plant and equipment	9	(4.9)	(4.9)
Amortisation of intangible assets		(4.0)	(4.1)
Profit on sale of property, plant and equipment		0.1	–

5. Finance costs

	2019 £m	(Restated) 2018 £m
On bank loans and overdrafts	6.5	6.8
Amortisation of debt issue costs	2.8	3.0
Interest unwind on lease liabilities	0.9	0.8
Total	10.2	10.6

6. Disposal of subsidiary

On 31 December 2018, the Group disposed of a subsidiary undertaking, Auto Trader Auto Stock Limited, as part of the consideration for shares in Dealer Auction (Holdings) Limited, a newly formed joint venture (note 11).

Auto Trader Auto Stock Limited was a subsidiary incorporated on 3 August 2018 by another Group subsidiary, Auto Trader Limited. The trade and assets of Auto Trader Limited's 'Smart Buying' product line, its retailer-to-retailer marketplace, were transferred to Auto Trader Auto Stock Limited on 1 November 2018.

Revenue generated from the Smart Buying product in the nine-month period to 31 December 2018 was £1.3m (year ended 31 March 2018: £2.0m). The disposal of the Smart Buying product line does not represent a discontinued operation under IFRS 5 as the product was not either a separate major line of business or geographical area of operations. A profit on disposal has been recognised in the Group's Consolidated income statement:

	£m
Proceeds from disposals	28.4
Intangible assets – Goodwill	(8.4)
Intangible assets – Licence agreement	(11.3)
Profit on disposal of subsidiary	8.7

7. Taxation

	2019 £m	(Restated) 2018 £m
Current taxation		
UK corporation taxation	44.9	40.7
Foreign taxation	0.2	0.2
Adjustments in respect of prior years	(0.1)	(0.9)
Total current taxation	45.0	40.0
Deferred taxation		
Origination and reversal of temporary differences	(0.6)	(0.2)
Adjustments in respect of prior years	0.1	(0.2)
Total deferred taxation	(0.5)	(0.4)
Total taxation charge	44.5	39.6

The taxation charge for the year is lower than (2018: the same as) the effective rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £m	(Restated) 2018 £m
Profit before taxation	242.2	210.7
Tax on profit on ordinary activities at the standard UK corporation tax rate of 19% (2018: 19%)	46.0	40.0
Expenses not deductible for taxation purposes	0.3	0.8
Income not taxable	(1.7)	–
Adjustments in respect of foreign tax rates	(0.1)	(0.1)
Adjustments in respect of prior years	–	(1.1)
Total taxation charge	44.5	39.6

Taxation on items taken directly to equity was a credit of £0.6m (2018: £0.1m) relating to tax on share-based payments.

The tax charge for the year is based on the standard rate of UK corporation tax for the period of 19% (2018: 19%). Deferred income taxes have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised. Management has performed an assessment, for all material deferred income tax assets and liabilities, to determine the period over which the deferred income tax assets and liabilities are forecast to be realised, which has resulted in an average deferred income tax rate of 17% being used to measure all deferred tax balances as at 31 March 2019 (2018: 17%).

8. Earnings per share

Basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the year, excluding those held by the Employee Share Option Trust ('ESOT'), based on the profit for the year attributable to shareholders.

	Weighted average number of ordinary shares	Total earnings £m	Pence per share
Year ended 31 March 2019			
Basic EPS	941,506,424	197.7	21.00
Diluted EPS	944,254,998	197.7	20.94
Year ended 31 March 2019			
Basic EPS	964,516,212	171.1	17.74
Diluted EPS	967,912,689	171.1	17.68

Following the application of IFRS 16, total earnings for the year ended 31 March 2018 has been restated (refer note 2).

The number of shares in issue at the start of the year is reconciled to the basic and diluted weighted average number of shares below:

Year ended 31 March 2019	Weighted average number of shares
Issued ordinary shares at 31 March 2018	952,161,444
Weighted effect of ordinary shares purchased for cancellation	(6,001,643)
Weighted effect of ordinary shares held in treasury	(4,009,411)
Weighted effect of shares held by the ESOT	(643,966)
Weighted average number of shares for basic EPS	941,506,424
Dilutive impact of share options outstanding	2,748,574
Weighted average number of shares for diluted EPS	944,254,998

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees. Options are dilutive under the Sharesave scheme where the exercise price together with the future IFRS 2 charge is less than the average market price of the ordinary shares during the year. Options under the Performance Share Plan, the Deferred Annual Bonus and Single Incentive Plan and the Share Incentive Plan are contingently issuable shares and are therefore only included within the calculation of diluted EPS if the performance conditions are satisfied.

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

9. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Cost				
At 31 March 2017 (restated)	18.3	20.5	1.1	39.9
Additions	–	2.3	–	2.3
Disposals	–	(6.0)	–	(6.0)
At 31 March 2018 (restated)	18.3	16.8	1.1	36.2
Additions	0.8	0.9	0.2	1.9
Disposals	(1.3)	(3.7)	(0.1)	(5.1)
At 31 March 2019	17.8	14.0	1.2	33.0
Accumulated depreciation				
At 31 March 2017 (restated)	1.4	16.2	–	17.6
Charge for the year	1.7	2.7	0.5	4.9
Disposals	–	(6.0)	–	(6.0)
At 31 March 2018 (restated)	3.1	12.9	0.5	16.5
Charge for the year	2.5	1.9	0.5	4.9
Disposals	(1.3)	(3.7)	(0.1)	(5.1)
At 31 March 2019	4.3	11.1	0.9	16.3
Net book value at 31 March 2019	13.5	2.9	0.3	16.7
Net book value at 31 March 2018 (restated)	15.2	3.9	0.6	19.7
Net book value at 31 March 2017 (restated)	16.9	4.3	1.1	22.3

Included within property, plant and equipment are £11.9m (2018: £13.7m) of assets recognised as leases under IFRS 16. Further details of these leases are disclosed in note 10.

The depreciation expense of £4.9m for the year to 31 March 2019 (2018 restated: £4.9m) has been recorded in administrative expenses. During the year, £5.1m (2018: £6.0m) worth of property, plant and equipment with £nil net book values were disposed of.

10. Leases

The Group leases assets including land and buildings and motor vehicles that are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below.

	2019 £m	(Restated) 2018 £m
Net book value property, plant and equipment owned	4.8	6.0
Net book value right of use assets	11.9	13.7
	16.7	19.7

	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Net book value of right of use assets				
Balance at 1 April 2017 (restated)	14.4	0.1	1.1	15.6
Depreciation charge	(1.4)	–	(0.5)	(1.9)
Balance at 31 March 2018 (restated)	13.0	0.1	0.6	13.7
Additions	–	–	0.2	0.2
Depreciation charge	(1.5)	–	(0.5)	(2.0)
At 31 March 2019	11.5	0.1	0.3	11.9

	2019 £m	(Restated) 2018 £m
Lease liabilities in the balance sheet at 31 March		
Current	1.8	2.2
Non-current	14.3	16.0
Total	16.1	18.2

	2019 £m	(Restated) 2018 £m
Amounts charged in the income statement		
Depreciation charge of right-of-use assets	2.0	1.9
Interest on lease liabilities	0.9	0.8
Total amounts charged in the income statement	2.9	2.7

	2019 £m	(Restated) 2018 £m
Cash outflow		
Total cash outflow for leases	3.1	2.3

11. Net investments in joint ventures

Joint ventures are contractual arrangements over which the Group exercises joint control with partners and where the parties have rights to the net assets of the arrangement, irrespective of the Group's shareholding in the entity.

On 31 December 2018, the Group acquired 49% of the ordinary share capital of Dealer Auction (Holdings) Limited for consideration of £48.1m. Consideration consisted of:

	£m
Cash consideration	19.7
100% of the share capital of Auto Trader Auto Stock Limited	28.4
Total consideration	48.1

Net investments in joint ventures at the reporting date include the Group's equity investment in joint ventures and the Group's share of the joint ventures' post acquisition net assets. The table below reconciles the movement in the Group's net investment in joint ventures in the year:

	Equity investment in joint ventures £m	Groups share of net assets £m	Net investments in joint ventures £m
Carrying value			
At 1 April 2017 and 31 March 2018	–	–	–
Investment in joint venture	48.1	–	48.1
Share of result for the year taken to the income statement	–	0.9	0.9
As at 31 March 2019	48.1	0.9	49.0

Set out below is the summarised financial information for the consolidated Dealer Auction ventures, including Dealer Auction (Holdings) Limited, Dealer Auction Limited, Auto Trader Auto Stock Limited and Dealer Auction Services Limited, which are accounted for using the equity method:

	£m
Revenue	3.5
Profit for the year	1.8
Total comprehensive income	1.8

The above information reflects the amounts presented in the Financial Statements of the joint venture and not the Group's share of those amounts. They have been amended for differences in accounting policies between the Group and the joint venture.

12. Borrowings

	2019 £m	2018 £m
Non-current		
Syndicated RCF gross of unamortised debt issue costs	313.0	–
Unamortised debt issue costs on Syndicated RCF	(2.7)	–
Former Syndicated Term Loan gross of unamortised debt issue costs	–	343.0
Unamortised debt issue costs on former Syndicated Term Loan	–	(2.2)
Total	310.3	340.8

The Syndicated RCF (2018: Syndicated Term Loan) is repayable as follows:

	2019 £m	2018 £m
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One to two years	–	343.0
Two to five years	313.0	–
Total	313.0	343.0

The carrying amounts of borrowings approximate their fair values.

Syndicated revolving credit facility ('Syndicated RCF')

On 6 June 2018, the Company and a subsidiary undertaking, Auto Trader Holding Limited, signed a new Syndicated revolving credit facility (the 'Syndicated RCF') to replace the former Syndicated Term Loan and former revolving credit facility. The Syndicated RCF, which is unsecured, has total commitments of £400.0m and a termination date of June 2023. The associated debt transaction costs were £3.3m.

Individual tranches are drawn down, in sterling, for periods of up to six months at LIBOR rates plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of the Group. A commitment fee of 35% of the margin applicable to the Syndicated RCF is payable quarterly in arrears on unutilised amounts of the total facility. There is no requirement to repay all or part of the facility prior to the termination date.

The first utilisation was made on 8 June 2018 when £303.1m was drawn.

The Syndicated revolving credit facility has financial covenants linked to interest cover and the consolidated leverage ratio of the Group. All financial covenants of the facility have been complied with through the year.

Senior Facilities Agreement ('former Syndicated Term Loan' and 'Former revolving credit facility')

On 24 March 2015, the Company and a subsidiary undertaking, Auto Trader Holding Limited, entered into a £550.0m Senior Facilities Agreement. Interest on the former Syndicated Term Loan was charged at LIBOR plus a margin of between 1.5% and 3.25% depending on the consolidated leverage ratio of the Group. Under the agreement, the lenders had also made available to the Group a £30.0m revolving credit facility.

Cash drawings under the RCF incurred interest at LIBOR plus a margin of between 1.25% and 3.0% depending on the consolidated leverage of the Group. A commitment fee of 35% of the margin applicable to the former revolving credit facility was payable quarterly in arrears on the unutilised amounts of the former revolving credit facility.

On 6 June 2018, the Group refinanced the Senior Facilities Agreement which included the former Syndicated Term Loan and Former revolving credit facility. On 8 June 2018 the Group repaid the full £343.0m outstanding, together with accrued interest and other costs payable under the terms of the Senior Facilities Agreement.

The former Senior Facilities Agreement had financial covenants linked to the consolidated leverage ratio of the Group. All financial covenants of the facility have been complied with through the years ended 31 March 2019 and 31 March 2018.

The exposure of the Group's borrowings (excluding debt issue costs) to LIBOR rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2019 £m	2018 £m
One month or less	313.0	343.0
Total	313.0	343.0

13. Share capital

Share capital	2019		2018	
	Number '000	Amount £m	Number '000	Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	952,161	9.5	978,971	9.8
Purchase and cancellation of own shares	(18,963)	(0.2)	(26,810)	(0.3)
Total	933,198	9.3	952,161	9.5

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2018 AGM, the Company was authorised to make market purchases of up to 94,802,631 of its ordinary shares, subject to minimum and maximum price restrictions.

A total of 20,229,881 ordinary shares of £0.01 were purchased in the year (2018: 26,809,702). The average price paid per share was 461.5p (2018: 358.5p), with a total consideration paid (inclusive of all costs) of £94.0m (2018: £96.7m). 1,266,000 shares were purchased to be held in treasury (2018: nil), with 18,963,881 being cancelled.

Included within shares in issue at 31 March 2019 are 565,555 (2018: 932,761) shares held by the ESOT and 3,996,041 (2018: 4,194,989) shares held in treasury, as detailed in note 14.

14. Own shares held

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 1 April 2017 and 31 March 2018	(1.4)	(15.5)	(16.9)
Own shares held as at 1 April 2018	(1.4)	(15.5)	(16.9)
Transfer of shares from ESOT	0.6	–	0.6
Repurchase of own shares for treasury	–	(5.8)	(5.8)
Share-based incentives	–	5.6	5.6
Own shares held as at 31 March 2019	(0.8)	(15.7)	(16.5)

Own shares held – number	ESOT shares reserve	Treasury shares	Total
Own shares held as at 1 April 2017	948,924	4,203,277	5,152,201
Transfer of shares from ESOT	(16,163)	–	(16,163)
Share-based incentives exercised in the year	–	(8,288)	(8,288)
Own shares held as at 31 March 2018	932,761	4,194,989	5,127,750
Own shares held as at 1 April 2018	932,761	4,194,989	5,127,750
Transfer of shares from ESOT	(367,206)	–	(367,206)
Repurchase of own shares for treasury	–	1,266,000	1,266,000
Share-based incentives exercised in the year	–	(1,464,948)	(1,464,948)
Own shares held as at 31 March 2019	565,555	3,996,041	4,561,596

15. Dividends

Dividends declared and paid by the Company were as follows:

	2019		2018	
	Pence per share	£m	Pence per share	£m
2017 final dividend paid	–	–	3.5	34.0
2018 interim dividend paid	–	–	1.9	18.2
2018 final dividend paid	4.0	37.9	–	–
2019 interim dividend paid	2.1	19.7	–	–
	6.1	57.6	5.4	52.2

The proposed final dividend for the year ended 31 March 2019 of 4.6p per share, totalling £42.7m, is subject to approval by shareholders at the Annual General Meeting ('AGM') and hence has not been included as a liability in the financial statements.

The 2019 interim dividend paid on 25 January 2019 was £19.7m. The 2018 final dividend paid on 28 September 2018 was £37.9m.

16. Cash generated from operations

	2019 £m	(Restated) 2018 £m
Profit before taxation	242.2	210.7
Adjustments for:		
Depreciation	4.9	4.9
Amortisation	4.0	4.1
Share-based payments charge (excluding associated NI)	4.7	3.3
Share of profit from joint ventures	(0.9)	–
Profit on sale of property, plant and equipment	0.1	–
Difference between pension charge and cash contributions	0.3	–
Finance costs	10.2	10.6
Profit on disposal of subsidiary	(8.7)	–
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Trade and other receivables	(1.5)	(2.9)
Trade and other payables	2.2	(2.3)
Provisions	1.0	–
Cash generated from operations	258.5	228.4

17. Contingent liabilities

The Group previously reported a contingent liability in respect of the rate of VAT applicable to our insurance intermediary revenue within Consumer Services, dating back from 2013 onwards. In July 2018 HMRC confirmed the Group's treatment of insurance intermediary revenue for VAT purposes was appropriate. The Group did not incur any liability and the enquiry in respect of this matter is now closed.

18. Post balance sheet event

On 5 June 2019, the Group extended the term for £316.5m of the Syndicated revolving credit facility for one year. The facility will now terminate in two tranches:

- £316.5m will mature in June 2024; and
- £83.5m will mature at the original termination date of June 2023.

There is no change to the interest rate payable and there is no requirement to settle all, or part, of the debt earlier than the termination dates started.

Principal risks and uncertainties

Principal risk	Impact
1. Economy, market and business environment	<p>A contraction in the number of new or used car transactions could lead to reduced retailer profitability, leading to a fall in advertising spend or a contraction in the number of retailers. It could also lead to a reduction in manufacturers' spend on digital display advertising.</p> <p>There continues to be concerns about the implications surrounding the UK's departure from the EU. Economic conditions, currency volatility and consumer confidence levels could all be adversely affected, with the impact likely to be greater in a no-deal scenario. If the prices of cars increase, as tariffs are introduced, and consumer confidence levels decrease, manufacturers' appetite to supply cars to the UK market reduces, this could have an adverse impact on our business.</p>
2. Brand	<p>Our brand is one of our biggest assets. Our research shows that we are the most trusted automotive classified brand in the UK.</p> <p>Failure to maintain and protect our brand, or negative publicity that affects our reputation (for example, a data breach), could diminish the confidence that retailers, consumers and advertisers have in our products and services, and result in a reduction in audience and revenue.</p>
3. Increased competition	<p>There are several online competitors in the automotive classified market, and alternative routes for consumers to sell cars, such as car buying services or part-exchange.</p> <p>Competitors could develop superior consumer experiences or retailer products that we are unable to replicate; or change focus to try to expand their range of stock and disrupt our market position.</p> <p>This could impact our ability to grow revenue due to the loss of audience or customers, or erosion of our paid-for business model.</p>
4. Failure to innovate: disruptive technologies and changing consumer behaviours	<p>Failure to develop and execute new products or technologies, or to adapt to changing consumer behaviour towards car buying, or ownership, could have an adverse impact. For example, this could lead to missed opportunities should we fail to be at the forefront of industry developments.</p>
5. IT systems and Cyber Security	<p>As a digital business, we are reliant on our IT infrastructure to continue to operate.</p> <p>Any significant downtime of our systems would result in an interruption to the services we provide.</p> <p>A significant data breach, whether as a result of our own failures or a malicious cyber-attack, would lead to a loss in confidence by the public, car retailers and advertisers.</p> <p>This could result in reputational damage, loss of audience, loss of revenue and potential financial losses in the form of penalties.</p>

Principal risk	Impact
6. Employees	Our continued success requires us to attract, recruit, motivate and retain our highly skilled workforce, with a particular focus on specialist technological and data skills. Failure to do so could result in the loss of key talent.
7. Reliance on third parties	We rely on third parties particularly with regard to supply of data about vehicles and their financing, so it is important that we manage relationships with, and performance of, key suppliers. If these suppliers were to suffer significant downtime or fail, this could lead to a loss of revenue from dealer customers and a loss of audience due to impaired consumer experience.
