Governance

Chairman's introduction

Welcome to our first Corporate Governance Report. The shares of Auto Trader Group plc were admitted to the premium listing segment of the Official List maintained by the Financial Conduct Authority and to trading on the main market of the London Stock Exchange on 24 March 2015 (Admission).

"The Board recognises the importance of, and is committed to, high standards of plc corporate governance..."

Dear Shareholders

The Board recognises the importance of, and is committed to, high standards of plc corporate governance and all Directors are fully aware of their duties and responsibilities under the UK Corporate Governance Code, the Disclosure and Transparency Rules and the Listing Rules.

While the Board of Auto Trader is committed to high standards of corporate governance, shareholders will appreciate that as a very recently listed Company it has not been possible, or necessarily relevant for all of the provisions of the UK Corporate Governance Code 2012 (the Code) to have been complied with during the reporting period.

Governance framework

In preparation for Admission, we carried out a review of the existing governance structure in conjunction with our external advisers, in order to identify any measures that would need to be implemented prior to Admission. The review also enabled the Directors to provide the confirmation that was required on Admission that Auto Trader has established procedures in place which provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group. This Corporate Governance Report discusses the robust framework for controlling and managing the Group in further detail.

Directors

One area in which the Company is not yet in full compliance with the provision in the Code is on the proportion of Independent Non-Executive Directors on the board for FTSE350 index companies (the Company anticipates that it is likely to become a member of the FTSE250 index during 2015).

We are making progress in this regard. Since the financial year end David Keens has joined the Board and has been appointed Chairman of the Audit Committee, member of the Remuneration Committee and Senior Independent Director. In addition, the Company is working to identify a suitable individual to join the Board as a further Independent Non-Executive Director as soon as reasonably practicable.

Annual General Meeting

We are committed to maintaining an active dialogue with all our shareholders and further details are set out on page 33. I would like to encourage shareholders to attend our Annual General Meeting which will be held at 10.00 am on 17 September 2015 at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. It will provide an opportunity to meet the Executive and Non-Executive Directors and to visit our principal office.

Ed Williams
Chairman

19 June 2015

Directors' biographies

Ed Williams
Chairman

Ed has been a Non-Executive Director of Auto Trader since November 2010 and Chairman since March 2014. He was founding Chief Executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006. Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an M.A. in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to Board:
November 2010

Independent: Yes

External appointments:
None

Committee memberships:
Remuneration (Chairman), Nomination (Chairman)

Trevor Mather
Chief Executive

Trevor joined Auto Trader as Chief Executive in June 2013. Previously, Trevor was President and CEO of ThoughtWorks, a global IT and software consulting company. Trevor joined ThoughtWorks in 2001, to kick start the UK branch of the Company and then took responsibility for all international operations before becoming CEO in 2007. He helped oversee the business grow from a 300 person North American Company to a 2,200 person global business with operations in 29 cities around the world with a particular personal focus on helping businesses become truly digital. Before his time at ThoughtWorks, Trevor spent almost ten years at Andersen Consulting (now Accenture) focusing on e-business solutions. Trevor holds an M.Eng. in Aeronautics and Astronautics from Southampton University.

Appointed to Board:
June 2013

Independent: N/A

External appointments:
None

Committee memberships:
N/A

Sean Glithero
Finance Director and Company Secretary

After qualifying as a chartered accountant with Ernst & Young, working within both the audit and corporate finance departments, Sean worked in the telecoms industry and for the FTSE100 company BPB plc, before joining Auto Trader as Group Financial Controller in 2006. He has since held various group and divisional roles in the business, helping the business reshape through acquisitions and disposals as well as aiding the transition online through restructuring and realignment programmes. Sean was appointed Finance Director in September 2012 and has led two major re-financings and also has responsibility for customer security, legal services and procurement. Sean holds a B.A. (Hons) in Accountancy from Exeter University.

Appointed to Board:
September 2012

Independent: N/A

External appointments:
None

Committee memberships:
N/A

Tom Hall
Non-Executive Director

Tom was appointed as a Non-Executive Director of Auto Trader in 2007. He is a Partner in Apax's Consumer team, and its digital practice. Since joining Apax in 1998, he has led or participated in a number of investments by funds advised by Apax, including Thomson Directories, 20 Minuten, The Stationery Office, Truvo and Zeneus Pharma. Prior to joining Apax, Tom worked at S.G. Warburg and Deutsche Bank. Tom holds an M.A. from Trinity College Cambridge.

Appointed to Board:
June 2007

Independent: No

External appointments:
SouFun Holdings, Top Right Group, Apax Partners LLP

Committee memberships:
Audit, Nomination

Nick Hartman
Non-Executive Director

Nick was appointed as a Non-Executive Director of Auto Trader in 2013. Nick is an Operating Executive in Apax's operational excellence group and joined Apax in 2009. In addition to his operational support, Nick has participated in several investments for funds advised by Apax, including Auto Trader, SouFun, Trader Corporation, Dealer.com, and Answers Corporation. Prior to joining Apax, Nick held management positions at Orbitz Worldwide and Accenture, which included profit/loss responsibilities, international expansion, and consulting for Fortune 500 retail and high technology clients. Nick holds a B.Sc. from the Kelley School of Business at Indiana University and an M.B.A. from the Kellogg School of Management at Northwestern University.

Appointed to Board:
October 2013

Independent: No

External appointments:
None

Committee memberships:
None

Victor A. Perry III (Chip)
Non-Executive Director

Chip was appointed as a Non-Executive Director of Auto Trader in 2014. Previously, Chip was the President and CEO of Autotrader.com between August 1997 and April 2013. As the first employee of the company, he designed the initial strategy for launching Autotrader.com and he was the Company's principal strategic architect and Operating Executive for 16 years. During his time with Autotrader.com, the Company grew from zero to $1.4 billion in revenues, 3,500 employees and over 20,000 dealer customers. Before joining Autotrader.com, Chip had a career as an associate with McKinsey & Company and as a Vice President of the Los Angeles Times and The Times Mirror Company. He is a Civil Engineering graduate of the University of Virginia and holds an M.B.A. from Harvard Business School.

Appointed to Board:
June 2014

Independent: Yes

External appointments:
The Car Trader (Pty) Limited (South Africa), CarTrade.com (India), am.ru (Russia).

Committee memberships:
Audit, Nomination, Remuneration

David Keens
Non-Executive Director

David was appointed as a Non-Executive Director, and to the Audit Committee of Auto Trader, on 1 May 2015. David was previously Group Finance Director of NEXT plc (1991-2015) and its Group Treasurer (1986-1991). Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturers Nabisco (1977-1986) and prior to that seven years in the accountancy profession.

Appointed to Board:
May 2015

Independent: Yes

External sppointments:
J Sainsbury plc

Committee memberships:
Audit (Chairman), Nomination, Remuneration

Corporate Governance Statement

This Corporate Governance Statement explains key features of the Company's governance structure and how it complies with the UK Corporate Governance Code published in 2012 by the Financial Reporting Council.

Introduction

This Statement also includes items required by the Listing Rules and the Disclosure Rules and Transparency Rules (DTRs). The UK Corporate Governance Code ('the Code') is available on the Financial Reporting Council website at www.frc.org.uk.

Compliance with the 2012 Code

Prior to its Admission to the London Stock Exchange on 24 March 2015, the Company had no obligation to comply with the requirements of the Code and therefore, given the short time period from the Admission to the year end, it has not been possible, or necessarily relevant for all of the provisions of the Code to have been complied with. The Directors consider that the Company has, on Admission and subsequently, complied with the provisions of the Code save as noted below:

Code provision	Detail	Explanation of non-compliance
A.4.2	The Chairman did not hold meetings with the Non-Executive Directors without the Executive Directors present and the Non-Executive Directors, led by the Senior Independent Director, did not meet without the Chairman present to appraise the Chairman's performance.	In the short period of time to the end of the reporting period, it was neither practical, nor appropriate to hold such meetings. The Chairman and Senior Independent Director intend to hold such meetings during the year to March 2016.
B.1.2	Less than half of the Board, excluding the Chairman, are Independent Non-Executive Directors.	For FTSE350 Index companies, at least half the Board, excluding the Chairman, should comprise Independent Non-executive Directors. The Company was not a member of the FTSE350 index during the reporting period 2015, although it is anticipated that it will become a member of FTSE250 index during the next year. The Company is not yet compliant with this provision. The Board is satisfied however that no individual dominates its decision-taking, no undue reliance is placed on particular individuals, there is sufficient challenge of executive management in meetings of the Board and the Board is capable of operating effectively. The Company intends meeting the provisions of the Code that apply to FTSE350 index companies within one year of joining the FTSE250 index. On 1 May 2015 David Keens was appointed to the Board.
B.6.1 and B.7.2	The Board did not undertake an annual evaluation of its own performance and that of its Committees and individual Directors.	In the short period of time from Admission to the Company's year end of 29 March 2015 the Board focused on matters concerning the IPO and it was impractical and considered too early for the Board to undertake an evaluation of its own performance. During the coming year it is intended that an internal performance evaluation will be undertaken.

Code provision	Detail	Explanation of non-compliance
C.3.1	The Audit Committee does not comprise three Independent Non-Executive Directors.	In the short period between Admission and year end, the Audit Committee has been chaired by Tom Hall (Non-Executive Director) and its other members have been Ed Williams (Chairman) and Chip Perry (Senior Independent Director). The Directors consider that Tom Hall has recent and relevant financial experience, in accordance with the requirements of the Code. In addition, Ed Williams and Chip Perry, as recent Chief Executives of major public and private companies, have relevant knowledge and experience to enable them to perform their duties. Following David Keens' appointment as Committee Chairman on 1 May 2015, Tom Hall has stepped down from chairing the Audit Committee to become an ordinary member and Ed Williams has stepped down from the Audit Committee. Tom Hall is not considered to be independent for the purposes of the Code. The Board considers that the composition of the Audit Committee has a strong independent non-executive component and that the continuity, experience and knowledge of Tom Hall should ensure that he makes a significant contribution to the work of the Committee and that the Committee runs effectively. The composition of the Committees will be continually reviewed to ensure they remain effective.
D.2.1.	The Remuneration Committee does not comprise three Independent Non-Executive Directors.	In the short period between Admission and year end, the Remuneration Committee has been chaired by Ed Williams (Chairman) and its other member has been Chip Perry (Senior Independent Director). The Company intends that the first two new Independent Non-Executive Directors appointed to the Board following Admission will join the Remuneration Committee. David Keens joined the Remuneration Committee on his appointment on 1 May 2015. Ed Williams intends to step down from the Remuneration Committee once a new Independent Non-Executive Director has been appointed, who will assume the role of Chairman.

The role of the Board

The Board is collectively responsible for the long-term success of the Company and for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls and for reviewing the overall effectiveness of systems in place) and for the approval of any changes to the capital, corporate and/or management structure of the Group.

The Chief Executive has delegated authority for the day-to-day management of the business to the Operational Leadership Team comprising the Executive Directors and senior management who have responsibility for all areas of the business. The Chief Executive and Finance Director therefore act as a bridge between management and the Board. The Board delegates to management the day-to-day running of the business within defined parameters. Board meetings are scheduled to coincide with key events in the corporate calendar and in future this will include the interim and final results and the Annual General Meeting (AGM).

The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its Committees. This schedule sets out key aspects of the affairs of the Company which the Board does not delegate, including:

> responsibility for the overall management of the Group;

> approval of the Group's business strategy and objectives, budgets and forecasts and any material changes to them;

> monitoring the delivery of the Group's business strategy and objectives and responsibility for any necessary corrective action;

> oversight of operations, ensuring adequate systems of internal controls and risk management are in place, ensuring maintenance of accounting and other records and ensuring compliance with statutory and regulatory obligations;

> approval of any extension of the Group's activities or any decision to cease to operate any material part of the Group's business;

> approval of any changes relating to the Group's capital structure and material changes to the Group's management and control structure;

> approval of the financial statements, annual report and accounts, material contracts and major projects;

> approval of the dividend policy;

> ensuring a sound system of internal control and risk management;

> approval of any major capital project;

> approval of communications with shareholders and the market;

> determining changes to structure, size and composition of the Board;

> determining remuneration policy for the Directors and senior employees and approval of the remuneration of the Non-Executive Directors;

> approving any major changes in employee share schemes; and

> approval of all major policies within the Group, including the share dealing, anti-bribery and health and safety policies.

The role of the Board continued

All Directors have access to the advice and services of the Company Secretary, Sean Glithero, who is also the Finance Director, and who has responsibility for ensuring compliance with the Board's procedures. All the Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. The Board has adopted guidelines by which Directors may take independent professional advice at the Company's expense in the performance of their duties.

Committees of the Board

The Board has delegated authority to its Committees to carry out certain tasks on its behalf and to ensure compliance with regulatory requirements including the Companies Act 2006, the Listing Rules, the DTRs and the Code. This also allows the Board to operate efficiently and to give the right level of attention and consideration to relevant matters. A summary of the terms of reference of each Committee is set out below. The full terms of reference for each Committee are available on the Company's website at www.about-us.autotrader.co.uk and from the Company Secretary upon request.

Committee	Role and terms of reference	Membership required under terms of reference	Minimum number of meetings per year	Committee report on pages
Audit	Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors.	At least three members At least two should be Independent Non-Executive Directors	Three	36 to 39
Remuneration	Responsible for all elements of the remuneration of the Executive Directors and the Chairman, and senior employees.	At least three members At least two should be Independent Non-Executive Directors	Three	40 to 51
Nomination and Corporate Governance	Reviews the structure, size and composition of the Board and its Committees and makes appropriate recommendations to the Board.	At least three members The majority should be Independent Non-Executive Directors	Twice	35

Board composition

The Board at the date of this report consists of three Independent Non-Executive Directors (including the Non-Executive Chairman), two Non-Executive Directors and two Executive Directors.

Biographies of all members of the Board appear on pages 28 and 29. The dates of appointment shown on pages 28 and 29 are the dates on which the Directors were first appointed to the Board of Auto Trader Group plc or the Group's previous parent company, Auto Trader Holdings Limited (Formerly Auto Trader Group Ltd).

Division of responsibilities

The positions of Chairman and Chief Executive are not exercised by the same person, ensuring a clear division of responsibility at the head of the Company. The division of roles and responsibilities between the Chairman Ed Williams and Chief Executive Trevor Mather have been agreed by the Board and are set out in writing.

As Chairman of the Board, Ed Williams is responsible for its leadership, setting its agenda and monitoring its effectiveness. He ensures effective communication with shareholders and that the Board is aware of the view of major shareholders. He facilitates both the contribution of the Non-Executive Directors and constructive relations between the Executive and Non-Executive Directors.

Trevor Mather is responsible for the day-to-day running of the Group within the authority delegated by the Board, carrying out our agreed strategy and implementing specific Board decisions.

Chairman

> The leadership and governance of the Board;

> Ensuring its effectiveness by creating and managing constructive relationships between the Executive and Non-Executive Directors;

> Ensuring is ongoing and effective communication between the Board and its key shareholders; and

> With the assistance of the Company Secretary, setting the Board's agenda and ensuring that adequate time is available for discussions and that the Board receives sufficient, pertinent, timely and clear information.

Chief Executive

> Responsible for the day-to-day management of the Group;

> Responsible for the operations and results of the Group;

> Developing the Group's objectives and strategy and, following Board approval, the successful execution of strategy; and

> Responsible for the effective and ongoing communication with shareholders.

Role of the Senior Independent Director (SID)
The Code recommends that the board of directors of a company with a premium listing on the official list maintained by the UK Financial Conduct Authority (the 'Official List'), should appoint one of the Independent Non-Executive Directors to be the Senior Independent Director to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which the normal channels through the Chairman, Chief Executive or other Executive Directors have failed to resolve or are inappropriate. David Keens has replaced Chip Perry as the Senior Independent Director on joining the Board.

Board balance and independence
Excluding the Chairman, the Company has four Non-Executive Directors on its Board.

Chip Perry and David Keens are considered to be independent in character and judgement, and free of any business or other relationship which could materially influence their judgement.

The Company has a relationship agreement ('the Relationship Agreement') in place with its principal shareholders, funds advised by Apax (the 'Apax Shareholders'). The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on their business independently of the Apax Shareholders, that transactions and relationships with the Apax Shareholders are at arm's length and on normal commercial terms, and that the goodwill, reputation and commercial interests of the Company are maintained.

Under the terms of the Relationship Agreement, the Apax Shareholders can appoint two Non-Executive Directors, providing they (and any of their respective associates, when taken together) hold voting rights over 20% or more of the Company's issued share capital and one Non-Executive Director, providing they (and any of their respective associates, when taken together) hold voting rights over 10% or more of those voting rights.

The Relationship Agreement will remain in force for so long as (a) the shares of the Company are listed on the premium listing segment of the Official List and (b) the Apax Shareholders (together with any of their associates) hold voting rights over 10% or mre of the Company's issued share capital. The two Non-Executive Directors appointed by the Apax Shareholders are Tom Hall and Nick Hartman, and they are therefore not considered to be independent.

The Company is therefore not currently compliant with the Code provision that at least half the Board, excluding the Chairman, should comprise Independent Non-Executive Directors, but intends to become compliant within 12 months of joining the FTSE250 index.

In accordance with main principle B.1 of the Code, the Board and its Committees have an appropriate balance of skills, experience and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively.

In accordance with the Company's articles of association, the Board has a formal system in place for Directors to declare conflicts of interests and for such conflicts to be considered for authorisation.

Length of appointments
Non-Executive appointments to the Board are for an initial term of up to three years. Non-Executive Directors are typically expected to serve two three-year terms, although the Board may invite the Director to serve for an additional period.

Diversity
We are committed to a Board comprising Directors from different backgrounds, diverse and relevant experience, perspectives, skills and knowledge. We believe that diversity, including gender diversity, amongst Directors contributes towards a high performing and effective Board.

We fully support the aims, objectives and recommendations outlined in Lord Davies' Report 'Women on Boards' and are aware of the need to increase the number of women on our Board and in senior positions throughout the Group. We do not consider that it is in the best interests of the Company and its shareholders to set prescriptive targets for gender on the Board and we will continue to make appointments based on merit, against objective criteria, to ensure we appoint the best individual for each role.

Election of Directors
The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following AGM and shall then be eligible for election by the shareholders.

The forthcoming AGM on 17 September 2015 will be the Company's first. In accordance with the Code, all the Directors will be offering themselves for election at the AGM.

Annual General Meeting
The AGM of the Company will take place at 10.00 am on Thursday 17 September 2015 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The Notice of the AGM can be found in a booklet which is being mailed out at the same time as this Report. The Notice of the AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue.

Corporate Governance Statement
continued

The Chairman, the Chair of each of the Committees and both Executive Directors will be present at the AGM and will be available to answer shareholders' questions.

Results of resolutions proposed at the AGM will be published on the Company's website (**http://about-us.autotrader.co.uk/investors**) following the AGM.

Information and support available to Directors
To enable the Board to function effectively and to assist the Directors in discharging their responsibilities, full and timely access is given to all relevant information to the Board. In the case of Board meetings, this consists of a formal agenda and a comprehensive set of papers including regular business progress reports. An established procedure is in place to ensure that such information is provided to Directors in a timely manner in advance of meetings.

Specific business-related presentations are given by senior management when appropriate. There are procedures in place for any Director to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary. For example New Bridge Street, part of Aon plc, advises on remuneration matters and PwC on audit matters.

Development
In preparation for Admission, all Directors received an induction briefing from the Company's legal advisers on its duties and responsibilities as Directors of a publicly quoted company. In addition, the new Non-Executive Directors have met key members of senior management in order to familiarise themselves with the Group.

During the next 12 months the Chairman will meet with each Director to discuss any individual training and development needs.

Board evaluation and effectiveness
The current Board has been in post for only a short period of time and so a formal evaluation of the performance of the Board, its principal committees and the individual Directors would be of limited value. However, pending the development and implementation of a formal evaluation process during 2015, the Board is satisfied that each Director remains competent to discharge his responsibilities as a member of the Board. During the coming year it is intended that a performance evaluation will be undertaken.

Going forward, it is intended that the Chairman will meet with the Non-Executive Directors at least once a year without the Executive Directors present to discuss Board balance, monitor the powers of individual Executive Directors and raise any issues between themselves as appropriate. Led by the Senior Independent Director, the Non-Executive Directors will also meet during the year without the Chairman present to appraise his performance and to discuss any other necessary matters as appropriate.

External directorships
Any external appointments or other significant commitments of the Directors require the prior approval of the Board. Neither the Chairman nor any of the Executive Directors have any external directorships as at the date of this report. While the other Non-Executive Directors have external directorships, the Board is comfortable that these do not impact on the time that any Director devotes to the Company and we believe that this experience only enhances the capability of the Board.

Board and Committee meetings and attendance
From the date of the Company's Admission (24 March 2015) until the end of the reporting period there were no Board or Committee meetings.

Relations with shareholders
The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood and that it remains accountable to shareholders. During the IPO process the Company held a number of investor roadshows both in the UK and overseas. Post the IPO as part of a comprehensive investor relations programme, there will continue to be an ongoing programme of dialogue and meetings between the Executive Directors and institutional investors, fund managers and analysts. At these meetings, a wide range of relevant issues including strategy, performance, management and governance will be discussed within the constraints of information which has already been made public. The Board is aware that institutional shareholders may be in more regular contact with the Company than other shareholders, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time, in accordance with the Financial Conduct Authority requirements. Questions from individual shareholders are generally dealt with by the Executive Directors.

All shareholders can access announcements, investor presentations and the Annual Report on the Company's corporate website (**http://about-us.autotrader.co.uk/investors**).

The Senior Independent Director, David Keens, is available to shareholders if they have concerns which cannot be raised through the normal channels or if such concerns have not been resolved. Arrangements can be made to meet with him through the Company Secretary.

The Board will obtain feedback from its joint corporate brokers, Bank of America Merrill Lynch and Numis, on the views of institutional investors on a non-attributed and attributed basis. Any concerns of major shareholders would be communicated to the Board by the Executive Directors. As a matter of routine, the Board receives regular reports on issues relating to share price and trading activity, and details of movements in institutional investor shareholdings. The Board is also provided with current analyst opinions and forecasts.

Report of Nomination and Corporate Governance Committee

Letter from the Committee Chairman

Dear Shareholders

I am pleased to introduce the report of the Nomination and Corporate Governance Committee (the Committee) for 2015.

Members of the Nomination Committee

Chairman	Members
Ed Williams	David Keens
	Tom Hall
	Chip Perry

The members of the Committee are myself, Chip Perry and Tom Hall, all of whom have been members since the Committee was formed in March 2015 and David Keens who joined the Committee on his appointment as a Director on 1 May 2015.

The Code recommends that the Committee is comprised of a majority of Independent Non-Executive Directors. Chip Perry and David Keens are independent, and whilst I was considered to be independent on appointment, the Code provides that thereafter the test of independence is not appropriate in relation to the Chairman. Tom Hall is not deemed independent for the purposes of the Code due to his relationship with the Apax Shareholders.

Sean Glithero, Company Secretary acts as Secretary to the Committee, and by invitation, the meetings of the Committee may be attended by the Chief Executive.

Role of the Committee

The Committee has responsibility for nominating candidates for appointment as Directors to the Board, bearing in mind the need for diversity (including gender) consideration and a broad representation of skills across the Board.

The Committee will also make recommendations to the Board concerning the reappointment of any Non-Executive Director as he or she reaches the end of the period of their initial appointment (three years) and at appropriate intervals during their tenure. The Committee also considers and makes recommendation to the Board on the annual election and re-election of any Director by shareholders including Executive Directors and changes to senior management, after evaluating the balance of skills, knowledge and experience of each Director. Such appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board.

On the recommendation of the Committee and in line with the Code, all currently appointed Directors will retire at the forthcoming AGM and offer themselves for re-election.

Diversity

The Committee will take into account a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge and diversity.

Auto Trader endeavours to achieve appropriate diversity, including gender diversity, throughout the Company and concurs with the recommendations of Lord Davies' review. The most important priority of the Committee has been and will continue to be ensuring that members of the Board should collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Group.

Our policy is to ensure that the best candidate is selected to join the Board and this approach will remain in place going forward, without prescriptive or quantitative targets.

Activities of the Nomination Committee

The Committee did not meet formally between 24 March 2015 and 29 March 2015. The first meeting of the Committee took place on 21 April 2015, to evaluate and recommend the appointment of David Keens to the Board. Prior to the creation of the Nomination Committee, as part of the preparation for the IPO, the Board considered the industry and public company skills, knowledge and experience required for new Non-Executive Directors. JCA Partners LLP, an external recruitment consultant with whom the Group has no other relationship, was engaged as part of the recruitment process, and the individuals each met the members of the Board on a one-on-one basis.

I will be available at the AGM to answer any questions on the work of the Committee.

Ed Williams
Chairman, Nomination Committee

19 June 2015

Report of the Audit Committee

Letter from the Committee Chairman

Dear Shareholders

I am pleased to have been appointed as Chairman of the Audit Committee of Auto Trader at this exciting time in its development. I am looking forward to working with and leading the Audit Committee as it transitions its focus to its new terms of reference adopted by the Board on Admission to the premium listing segment of the Official List maintained by the Financial Conduct Authority.

Members of the Audit Committee

Chairman	Members
David Keens	Chip Perry
	Tom Hall

Due to the relatively short time between Admission and the year end on 29 March 2015, no Committee meetings took place between these two dates. Following the year end, however, the Committee has met once to approve the Group's Annual Report and Financial Statements.

As a result, this Annual Report and Financial Statements focuses on the matters considered by the Committee prior to Admission, the work undertaken to transition from the Group's private company status to a plc, this annual report and the focus of the Committee going forward.

Leading up to Admission, the Company identified the need to strengthen the independence of the Committee to ensure that it complied with the recommendations of the UK Corporate Governance Code. As a result, I have been appointed as Chairman to the Audit Committee at the time of my appointment to the Board on 1 May 2015. Tom Hall continues to serve the Committee as an ordinary member and, at the same time, Ed Williams has stepped down from the Committee. The Committee is now made up of three Non-Executive Directors two of whom are Independent. The members of the Audit Committee are myself as Chair, Tom Hall and Chip Perry. The Board considers that Tom Hall and I have recent and relevant financial experience.

The Committee is a sub-committee of the Board and its terms of reference were approved in contemplation of Admission and are fully aligned to the Code. The primary function of the Committee is to assist the Board in fulfilling its responsibilities to protect the interest of the shareholders with regard to the integrity of the financial reporting, audit, and internal controls. We aim to provide shareholders with timely communication on significant matters relating to the Company's financial position and prospects and we are also responsible for monitoring fraud risk. The Committee will meet at least three times a year.

During the IPO process, as part of completing the Group's Financial Position, Prospects and Procedures Report (FPP), the Directors, supported by PwC, undertook a detailed assessment of the following key areas:

> Board governance including the Committee and the procedure for assessing the Group's key risks;

> management accounting process and the information provided to the Board;

> external financial reporting procedures, audit arrangements and reporting standards;

> internal control environment both at high and detailed levels;

> complex transactions, potential exposure and risk;

> information systems; and

> budgeting and forecasting procedures and controls.

The Directors recognise the need to maintain the financial reporting procedures, review them on an ongoing basis and adapt them to changing circumstances. Their continuous review will form part of the Committee's agenda going forward together with its wider role and responsibilities which are set out in more detail on page 37 of the Report.

I look forward to meeting with shareholders at the AGM.

David Keens
Chairman, Audit Committee

19 June 2015

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Audit Committee reviews the system of internal controls through reports received from management, along with others from external auditors. Management continues to focus on how internal control and risk management can be further embedded into the operations of the business and on how to deal with areas of improvement which come to the attention of management and the Board.

The Board and the Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 29 March 2015 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board confirms that the actions it considers necessary have been, or are being taken to remedy any significant failings or weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of any material weaknesses in the part of the internal control system that relates to financial reporting.

The key elements of the Group's system of internal controls, which have been in place throughout the year under review and up to the date of this report, include:

> **Risk management:** risks are highlighted through a number of different reviews and culminate in a risk register, which identifies the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level.

> **Financial reporting:** monthly consolidated management accounts provide relevant, reliable and up-to-date financial and non-financial information to management and the Board. Analysis is undertaken of the differences between actual results and budgeted results on a monthly basis. Annual plans, forecasts, performance targets and long-range financial plans allow management to monitor the key business and financial activities, and the progress towards achieving the financial objectives. The annual budget is approved by the Board. The Group will report annually and half-yearly based on a standardised reporting process. In addition, in line with the Disclosure and Transparency Rules, the Company will publish an interim management statement at the time of the AGM.

> **Information systems:** information systems are developed to support the Group's long-term objectives and are managed by professionally staffed teams. Appropriate policies and procedures are in place covering all significant areas of the business.

> **Contractual commitments:** there are clearly defined policies and procedures for entering into contractual commitments. Significant capital projects and acquisitions and disposals require Board approval.

> **Monitoring of controls:** the Committee receives regular reports from management and assures itself that the internal control environment of the Group is operating effectively. In addition, the external auditors have not reported any significant control deficiencies as a result of their work. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records and to safeguard the Group's assets. There are formal procedures by which staff can, in confidence, raise concerns about possible improprieties in financial and pensions administration and other matters – often referred to as 'whistleblowing' procedures.

Internal audit

The Group did not have an internal audit function during the year. As part of its review of financial position, prospects and procedures during the IPO, the Committee considered the need for an internal audit function. Whilst Deloitte has provided ad-hoc assurance services in the past, the Committee concluded that the Group should formalise further its approach to internal audit and so has decided to out-source the internal audit function. This decision has been made on the basis that it will be cost-effective, provide access to a greater depth of expertise covering a broad range of risks and will also be scalable, allowing Auto Trader to increase the level of resources as and when required.

Following the year end, the Committee intends to appoint an out-sourced partner to commence an initial cycle of work focusing on both core financial processes and controls and specialist reviews of specific risk areas with a view to formulating a three year internal audit plan for the Committee's approval in due course.

Significant accounting matters

In reviewing the financial statements with management and the auditors, the Committee has discussed and debated the critical accounting judgements and key sources of estimation uncertainty set out in note 1 to the financial statements. As a result of our review, the Committee has identified the following items that require particular judgement or have significant potential impact on the interpretation of this Annual Report and Financial Statements.

Restructuring provisions and exceptional items	Significant non-recurring items of income and expense are disclosed in the income statement as 'exceptional items'. Examples of items that may give rise to disclosure as exceptional items include costs of restructuring and re-organisation of the business, corporate refinancing and restructuring costs, gains on the early extinguishment of borrowings, or impairments of intangible assets, property, plant and equipment, as well as the reversal of such write-downs or impairments, material disposals of property, plant and equipment and litigation settlements. During the current and previous year the Group has incurred costs of £15.0m in respect of the rationalisation of its operating base to two offices in Manchester and London. In addition, as a result of the IPO completed in the year, costs of £1.5m have been charged to the income statement as exceptional operating items. The Board has received regular updates from management as to the tracking of actual costs in comparison to those originally estimated in addition to management's estimate of future costs. The management team has prepared detailed Board papers setting out the key assumptions, judgements and management's rationale for disclosing as exceptional items. The Committee has reviewed the judgements made in this area by management and following appropriate challenge, we consider the policy and practice appropriate.
Accounting for the IPO costs	The Group engaged appropriate legal, accounting and tax advisers to develop a steps plan to facilitate a Group structure commensurate with its new status on the main market of the London Stock Exchange. The Group engaged advisers who had been involved in the establishment of the structure at inception and who had maintained a close involvement with the Group and the structure's evolution through to IPO. The steps developed included detailed articulation of the accounting treatment necessary both pre and post the IPO and we have worked closely with our advisers to ensure the necessary accounting entries have been executed correctly. Subsequent to the IPO we have considered at length the appropriate presentation of our first results as a plc. The key area of technical consideration was the application of the principles of International Accounting Standard 32: Financial Instruments; Presentation ('IAS 32') as to whether the costs incurred in respect of the IPO are directly attributable to the issuing of new shares, in which case it is permissible for them to be deducted from share premium (net of tax). Non-directly attributable costs are required to be expensed directly to the income statement. The quantum of costs incurred regarding the IPO is c. £23.7m and as such the risk is that costs may be incorrectly attributed to the share premium account, and thus reducing the impact on the income statement. The Committee has reviewed the judgements made in this area by management and, after due challenge and debate, was content with the assumptions made and the judgements applied.
Share-based payments	Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The Committee has reviewed the judgements made in this area by management and, after due challenge and debate, was content with the assumptions made and the judgements applied. The Audit Committee has also considered the advice provided by Deloitte in their capacity as advisors and the opinion of PwC as to the reasonableness of the assumptions made in estimating the share-based payment charge.
Treatment of IT development costs	The Group incurs significant internal and external costs in respect of the ongoing maintenance and development of its IT systems and core technology and product platforms. The accounting for these costs as either development costs (which are capitalised as intangible items) or expensed as incurred (in respect of maintenance) involves judgement, particularly following the Group's change in approach to technology development in financial year 2014 towards an agile, 'squad-based' methodology, which results in small scale, maintenance-like, incremental improvements. The Audit Committee has reviewed management's application of the accounting policy adopted and its assessment of whether current projects meet the criteria required for costs to be capitalised and consider the approach and application of this policy to be appropriate.

External auditors

One of the Committee's principal duties is to make recommendations to the Board in relation to the appointment of the external auditor. Various factors are taken into account by the Committee in this respect. These include the quality of the reports provided to the Audit Committee and the Board and the level of understanding demonstrated of the Group's business. PwC were first appointed in respect of the financial year ended March 2004 and the Committee has adopted a formal policy to tender at least every ten years.

The Committee considered the need to undertake a tender process and concluded that given the length of time from the IPO, it was appropriate to retain PwC for the financial year ended March 2016, but to undertake a tender process in respect of the financial year ended March 2017. This position was agreed with the Competition and Markets Authority.

In addition, in order to ensure the external auditors' independence, the Committee will annually review the Company's relationship with its auditors' and will assess the level of controls and processes in place to ensure the required level of independence and that the Company has an objective and professional relationship with PwC. The external auditors' are required to rotate the audit partner responsible for the Group audit every five years. The current audit partner was appointed for the year ended March 2014.

Non-audit services

The Company's external auditors may also be used to provide specialist advice where, as a result of their position as auditors, they either must, or are best placed to, perform the work in question. A formal policy is in place in relation to the provision of non-audit services by the external auditors to ensure that there is adequate protection of their independence and objectivity.

Fees charged by PwC in excess of £100,000 in respect of non-audit services generally require the prior approval of the Audit Committee. A breakdown of the fees paid to PwC during the year is set out in note 4 to the Consolidated Financial Statements.

During the year, PwC charged the Group £2.6m (2014: £0.6m) for non-audit related services. The majority of these fees related to the Reporting Accountant work on the Group's IPO and accordingly related to non-recurring work. PwC were best placed to perform their work given their knowledge of the business.

It is the Company's practice that it will seek quotes from several firms, which may include PwC, before work on non-audit projects is awarded. Contracts are awarded to our suppliers based on individual merits.

We receive advice from other firms for specific projects. In particular, the Company will regularly seek advice from Deloitte on tax and assurance matters.

Annual statement by the Chairman of the Remuneration Committee

Letter from the Committee Chairman

Dear Shareholders

I am pleased to present, on behalf of the Board, the first Remuneration Report of the Remuneration Committee (the 'Committee') following Admission on 24 March 2015.

Members of the Remuneration Committee

Chairman	Members
Ed Williams	David Keens
	Chip Perry

The work of the Committee

In anticipation of Admission the Committee commissioned a detailed review of the Company's remuneration policy. The objective of this was to ensure that our remuneration structures for the Executive Directors and other senior employees would be fit for purpose as a listed company, whilst also retaining certain key features, such as simplicity and transparency, which have helped support our growth and success to date.

In carrying out this review, the Committee paid close regard to prevailing best practice and the expectations of institutional investors and their representative bodies.

Objectives of the remuneration policy

The remuneration policy is designed with the following key aims:

> to attract, retain and motivate high-calibre senior management and structured so as to focus on the delivery of the Company's strategic and business objectives;

> base pay to be set having had due regard to appropriate mid-market benchmarks with incentive pay structured so as to provide the opportunity to earn above mid-market benchmarks for the delivery of challenging performance targets;

> targets for performance-related pay closely linked to the Company's main strategic objectives;

> to be simple in design, transparent and understandable both to participants and shareholders;

> to achieve a degree of consistency in terms of approach across the senior management population to the extent appropriate; and

> to promote an ownership culture, via the encouragement of widespread equity ownership across the workforce.

The key components of remuneration are set out in detail within the Remuneration Policy Report, which will be subject to a binding vote at our AGM.

Key elements of remuneration

The above objectives will be achieved via a remuneration policy which contains the following key pillars:

> **base salary:** set at a level so as to attract and retain executives of a high calibre, but also ensuring that no more than necessary is paid;

> **pension:** the rate of pension contribution is the same for Executive Directors as the rest of the workforce;

> **annual bonus:** payable only on the achievement of stretching targets linked to our growth strategy. Half of any bonus paid to Executive Directors will be deferred into shares to be held for two years, and the balance paid in cash;

> **Performance Share Plan:** annual awards of shares will be made to Executive Directors and other senior executives. These will vest after three years subject to the achievement of stretching performance targets linked to our profitability and return to shareholders. Executive Directors will be required to hold their vested shares for a further two years;

> **recovery and withholding provisions** are in place to safeguard shareholders' interests in the event of an overpayment of performance-related pay; and

> **share ownership guidelines** ensure that Executive Directors are required to build and maintain a significant equity stake in the Company's shares.

Performance in 2015

2015 was a historic year for Auto Trader, with our successful IPO occurring shortly before the financial year end. In celebration of this, in April 2015 we were pleased to offer an award of free shares worth £3,600 per person to all eligible employees in continuing service at that time.

As we were a privately owned company for the majority of the financial year, our remuneration paid for the year ended March 2015 was set against this backdrop.

Composition of the Committee

In advance of Admission, I acted as Chairman of the Committee, as the Company had not yet appointed its full complement of independent Non-Executive Directors. I will remain as Committee chair until a new independent Non-Executive Director is appointed and assumes the role.

Ed Williams
Chairman, Remuneration Committee

19 June 2015

Directors' Remuneration Report

This Report sets out details of the remuneration policy for Executive and Non-Executive Directors, describes how the remuneration policy is implemented and discloses the amounts paid between the date of Admission to trading on the London Stock Exchange and 29 March 2015.

Our remuneration policy for Executive Directors is set out on pages 42 to 44, and will be put to shareholders for approval in a binding vote at the AGM on 17 September 2015. The Annual Report on Remuneration (set out on pages 47 to 51) describes how this policy is planned to be implemented for the year ahead, together with details of remuneration paid from Admission until the year end, and will be subject to an advisory vote at the AGM.

Remuneration Policy Report

This part of the Directors' Remuneration Report sets out the remuneration policy for the Company and has been prepared in accordance with the Companies Act 2006, Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the UKLA's Listing Rules. The policy has been developed taking into account the principles of the UK Corporate Governance Code and the voting guidelines of UK institutional investors.

The Policy Report will be put to a binding shareholder vote at the 2015 AGM and the policy will take formal effect from the date of approval. It is currently intended that the policy will apply for the three-year period following approval.

Policy overview

On Admission in March 2015, a new remuneration policy was adopted by the Committee. This policy is structured so as to ensure that the main elements of remuneration are linked to Company strategy, in line with best practice and aligned with shareholders' interests.

The policy is designed to reward Executive Directors by offering competitive remuneration packages, which are prudently constructed, sufficiently stretching and linked to long-term profitability. In promoting these objectives, the policy aims to be simple in design, transparent and structured so as to adhere to the principles of good corporate governance and appropriate risk management.

A further aim of the remuneration policy is to encourage a culture of share ownership by colleagues throughout the Company, and in support of this we have put in place both a SIP, under which an award of free shares to commemorate the Admission was granted, and an SAYE scheme, which we may use in the future.

How the views of shareholders and employees are taken into account

Whilst the Committee does not consult directly with employees on the Directors' remuneration policy, the Committee does receive periodic updates regarding salary increases and remuneration arrangements across the Group. This is borne in mind when determining the remuneration policy for the Executive Directors.

The Committee is committed to a constructive dialogue with our shareholders in order to ensure that our remuneration policy is aligned with their views. This is the first time that shareholders will vote on the remuneration policy and we will carefully consider any shareholder feedback received in relation to the AGM in this year and in future. In conjunction with any additional feedback received from time to time, this will be considered as part of the Committee's annual review of how we intend to implement our remuneration policy.

If any significant changes to our remuneration policy which require shareholder approval are proposed, the Committee will seek to engage with major shareholders to explain our proposals and obtain feedback.

Remuneration policy for Executive Directors

Our policy is designed to offer competitive, but not excessive, remuneration structured so that there is a significant weighting towards performance-based elements. A significant proportion of our variable pay is delivered in shares with deferral and holding periods being mandatory, and with appropriate recovery and withholding provisions in place to safeguard against overpayments in the event of certain negative events occurring. The table below provides a full summary of the policy elements for Executive Directors.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Salary	To recruit and reward executives of high calibre. Recognises individual's experience, responsibility and performance.	Salaries are normally reviewed annually with changes effective from 1 April. Salary reviews will consider: > personal performance; > Group performance; > the individual's experience; and > increases elsewhere in the Company. Periodic account of practice in comparable companies in terms of size and complexity will be taken (eg the constituents of the FTSE250 Index). The Committee considers the impact of any salary increase on the total remuneration package.	There is no prescribed maximum. However, the Committee is guided by the average annual increase of the workforce. Higher increases (in percentage of salary terms) may be awarded at the discretion of the Committee, for example (but not limited to): in relation to the change in size, scale or scope of an individual's role, or following the appointment of a new Executive to bring that Executive Director's package inline with market levels over a number of years.	The Committee reviews the salaries of Executive Directors each year taking due account of all the factors described in how the salary policy operates.
Benefits	To provide competitive benefits to ensure the wellbeing of employees.	Executive Directors are entitled to the following benefits: > life assurance; > income protection insurance; and > private medical insurance. Executive Directors are also eligible to participate in all-employee share schemes on the same basis as other staff.	The value of benefits is not capped as it is determined by the insurance cost to the Company, which may vary. However, the nature of the benefits is expected to remain unchanged.	N/A
Pension	To provide retirement benefits for employees.	Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a salary supplement in lieu of pension benefits.	5% of salary p.a.	N/A

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Annual bonus[1,2,3]	To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.	The annual bonus is based predominantly on stretching financial and operational objectives set at the beginning of the year and assessed by the Committee following the year end. Half of any bonus earned is subject to deferral in shares under the Deferred Annual Bonus Plan (DABP), typically for a period of two years. The deferred shares will vest subject to continued employment, but there are no further performance targets. A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends on a cumulative basis. Recovery and withholding provisions apply as described in note 1. Participation in the bonus plan, and all bonus payments, are at the discretion of the Committee.	The Chief Executive Officer's bonus is capped at 150% of salary and the Finance Director's is capped at 130% of salary annually.	Financial measures will normally represent the majority of bonus, with clearly defined non-financial targets representing the balance (if any). With regard to financial targets, not more than 20% of this part of the bonus will be payable for achieving the relevant threshold hurdle. Where non-financial targets operate, it may not always be practicable to set targets on a graduated scale. Where these operate, not more than 33% will be payable for achieving the threshold target. Measures and weightings may change each year to reflect any year-on-year changes to business priorities.
Performance Share Plan (PSP)[1,2,4]	To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executives with those of shareholders.	Awards will normally be made annually under the PSP, and will take the form of nil-cost options or conditional share awards. Participation and individual award levels will be determined at the discretion of the Committee within the policy. Awards normally vest after three years subject to the extent to which the performance conditions specified for the awards are satisfied, and continued service. Recovery and withholding provisions apply as described in note 1. As a minimum, Executive Directors will ordinarily be required to retain their net of tax number of vested shares delivered under the PSP for at least two years from the point of vesting.[5] A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends on a cumulative basis.	Normal: maximum of 200% of salary. Exceptional circumstances: maximum of 300% of salary.	A blend of performance metrics, including financial and total shareholder return will be used. Financial metrics will comprise a majority of the awards. The metrics and weightings for each award will be set out in the Annual Report on Remuneration. The actual targets will be set out unless they are considered to be commercially sensitive. No more than 25% of the award vests for achieving threshold performance. 100% of the award vests for achieving maximum performance.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
All-employee Share Plans – SIP & SAYE[6]	To encourage Group-wide equity ownership across all employees, and create a culture of ownership.	The Company has adopted two all-employee tax-advantaged plans, namely a savings-related share option scheme (SAYE) and a SIP for the benefit of Group employees. The operation of these plans will be at the discretion of the Committee, and Executive Directors will be eligible to participate on the same basis as other employees.	Maximum permitted savings based on HMRC limits from time to time.	N/A
Share ownership guidelines	To increase alignment between executives and shareholders.	Executive Directors are required to build and maintain a holding of shares in the Company. This is to be built through retaining a minimum of 50% of the net of tax vested PSP and DABP shares, until the guideline level is met.	At least 200% of salary for the Chief Executive and at least 150% of salary for the Finance Director, or such higher level as the Committee may determine from time to time.	N/A

1 Recovery and withholding provisions apply to variable pay, to enable the Company to recover amounts paid under the annual bonus and PSP in the event of the following negative events occurring within three years of the payment date: a material misstatement of or restatement to the audited financial statements or other data; an error in calculation leading to over-payment of bonus; or individual gross misconduct. Should such an event be suspected, there will be a further two years in which the Committee may investigate the event. The amount to be recovered would generally be the excess payment over the amount which would otherwise be paid, and recovery may be satisfied in a variety of ways, including through the reduction of outstanding deferred awards, reduction of the next bonus or PSP vesting and seeking a cash repayment.

2 In order to ensure that the remuneration policy is capable of achieving its intended aims, the Committee retains certain discretions over the operation of the variable pay policy. These include the ability to vary the operation of the plans in certain circumstances (such as a change of control, rights issue, corporate restructuring event or special dividend) including the timing and determination of payouts/vesting; and making appropriate adjustments to performance targets as necessary to ensure that performance conditions remain appropriate. However, it should be noted that in the event that the measures or targets are varied for outstanding awards in the light of a corporate event, the revised targets may not be materially less difficult to satisfy. Should these discretions be used, they would be explained in the Annual Report on Remuneration and may be subject to consultation with shareholders as appropriate.

3 Annual bonus performance measures are selected annually to reflect the Group's key strategic initiatives for the year and include both financial and non-financial objectives. A majority weighting is placed on financial performance, including a significant element being based on profit-based metrics, ensuring that payouts are closely linked to the Group's growth.

4 The use of a combination of internal financial performance and total shareholder return (TSR) measures within the PSP is designed to ensure that rewards are linked to long-term shareholder value creation. The financial metrics chosen will be the measure or measures considered by the Committee at the time of each grant to be most likely to support the Company's long-term growth strategy. The use of TSR aligns with the Company's focus on shareholder value creation and rewards management for outperformance of sector peers.

5 In exceptional circumstances, the Committee may at its discretion allow participants to sell, transfer, assign or dispose of some or all of these shares before the end of the holding period.

6 Although eligible, the Executive Directors opted out of the offer of free shares made to all employees in April 2015.

7 A description of how the Company intends to implement the policy set out in this table for 2016 is set out in the Annual Report on Remuneration.

8 For the avoidance of doubt, in approving this Directors' remuneration policy, authority is given to the Company to honour any commitments entered into previously with Directors.

Differences in remuneration policy between Executive Directors and other employees

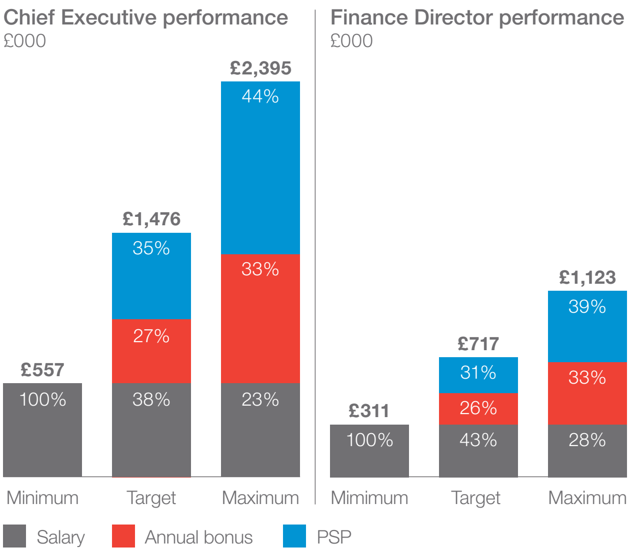
Whilst the policy described above applies specifically to the Company's Executive Directors, the policy principles are designed with due regard to employees across the Group.

'At risk pay', via participation in the annual bonus and PSP, is restricted to the most senior employees in the Company, as it is this group that is most influential in driving corporate performance.

The Committee is committed to promoting a culture of widespread share ownership across all levels of the organisation. At senior levels this will predominantly be achieved through participation in the PSP, whilst across the rest of the workforce it will be supported via all-employee share plans.

Illustration of application of remuneration policy

The chart below illustrates how the composition of the Executive Directors' remuneration packages varies under three different performance scenarios: threshold, on-target and maximum, both as a percentage of total remuneration opportunity and as a total value:



Assumptions

- > Minimum = fixed pay (base salary, benefits and pension)
- > Target = fixed pay plus 50% of maximum bonus payout and 50% vesting under the PSP
- > Maximum = fixed pay plus 100% of bonus payout and 100% PSP vesting
- > Salary levels (on which other elements of the package are calculated) are based on those applying on 1 April 2015. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ending 31 March 2015

Service contracts and policy for payments on loss of office

The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice and make provision for early termination by way of payment of a cash sum equal to 12 months' salary, and pension.

Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period, with mitigation. The Committee will consider the particular circumstances of each leaver and retains flexibility as to at what point, and the extent to which, payments are reduced.

At the discretion of the Committee, a contribution to reasonable outplacement costs in the event of termination of employment due to redundancy may also be made. A payment to the value of 12 months' contractual benefits may also be made. The Committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment and may make a payment for any statutory entitlements or to settle or compromise claims in connection with a termination of employment of any existing or future Executive Director as necessary.

Relevant details will be provided in the Annual Report on Remuneration should such circumstances apply.

In summary, the contractual provisions on termination where the Company elects to make a payment in lieu of notice are as follows:

Provision	Detailed terms
Notice period	12 months by either party
Termination payments over the notice period	> 100% of salary > 5% in respect of pension contributions
Change of control	No enhanced provisions on a change of control

The Executive Directors are subject to annual re-election at the AGM. Service contracts are available for inspection at the Company's registered office.

Annual bonus on termination

There is no automatic or contractual right to bonus payment. At the discretion of the Committee, for certain leavers, a pro-rata bonus may become payable at the normal payment date for the period of employment and based on full-year performance. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the Annual Report on Remuneration.

Service contracts and policy for payments on loss of office continued

PSP on termination
Share-based awards are outside of service contracts provisions.

Normally, PSP awards will lapse upon a participant ceasing to hold employment. However, under the rules of the PSP, in certain prescribed circumstances (namely death, disability, injury, redundancy, retirement, sale of employing company from the business or otherwise at the discretion of the Committee), 'good leaver' status can be applied. In exercising its discretion as to whether an Executive Director should be treated as a good leaver the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration.

The extent to which PSP awards will vest in good leaver circumstances will depend on:

(i) the extent to which the performance conditions have been satisfied at the relevant time; and

(ii) the pro-rating of the award determined by the period of time served in employment during the vesting period.

The Committee retains the discretion to reduce or eliminate time pro-rating, if it regards it to be appropriate in particular circumstances. However, if the time pro-rating is varied from the default position under the PSP rules, an explanation will be set out in the following Annual Report on Remuneration. For the avoidance of doubt, the application of the performance condition may not be waived, although the Committee may at its discretion alter the date to which performance is measured (eg to the date of cessation of employment as opposed to over the full performance period).

Approach to recruitment and promotions

The recruitment package for a new Executive Director would be set in accordance with the terms of the Company's approved remuneration policy. Currently, this would include an annual bonus opportunity of up to 150% of salary and policy PSP award of up to 200% of salary (other than in exceptional circumstances where up to 300% of salary may be made).

On recruitment, salary may (but need not necessarily) be set at a level below the normal market rate, with phased increases greater than those received by others as the Executive Director gains experience. The rate of salary should be set so as to reflect the individual's experience and skills.

The Committee recognises that it may be necessary in some circumstances to compensate for amounts foregone from a previous employer (using Listing Rule 9.4.2). Any such compensatory award would be limited to what is felt to be a fair estimate of the value of remuneration foregone taking into account the value of the award, the extent to which performance conditions apply, the form of award and the time left to vesting.

For an internal appointment, any variable pay element awarded in respect of the individual's prior role would normally be allowed to pay out according to its outstanding terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that, if they are outside the approved policy, they are put to shareholders for approval at the earliest opportunity.

For all appointments, the Committee may agree that the Company will meet certain appropriate relocation costs.

Policy on external appointments

Subject to Board approval, Executive Directors are permitted to take on one non-executive position with another company and to retain their fees in respect of such position. Details of outside directorships held by the Executive Directors and any fees that they received are provided in the Annual Report on Remuneration.

The remuneration policy for the Chairman and Non-Executive Directors

The Non-Executive Directors do not have service contracts with the Company, but instead have letters of appointment.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering a market-competitive fee level.	Fees are reviewed periodically and approved by the Board, with Non-Executive Directors abstaining from any discussion in relation to their fees. Both the Chairman and the Non-Executive Directors are paid annual fees and do not participate in any of the Company's incentive arrangements, or receive any pension provision or other benefits. The Chairman receives a single fee covering all of his duties. The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit and Remuneration Committees and for performing the Senior Independent Director role. The Chairman and Non-Executive Directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties.	There is no prescribed maximum annual increase nor is there a cap on fees. The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity.

Letters of appointment
All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-election at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment.

Letters of appointment are available for inspection at the Company's registered office.

Approach to recruitment
For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Annual Report on Remuneration

Implementation of the remuneration policy for the year ending 29 March 2015
This section sets out how the Committee intends to implement the remuneration policy in the 2016 financial year.

Base salary
The Executive Directors' salaries were reviewed prior to the IPO. Salaries will be reviewed again in early 2016 with any increases to take effect from 1 April 2016.

The current salaries, which became effective on 1 April 2015, are as follows:

Trevor Mather	£525,000
Sean Glithero	£290,000

Pension and benefits
As described in the policy report, Executive Directors will receive a pension contribution at the rate of 5% of base salary, payable into the Company pension scheme or as a cash alternative. Ancillary benefits are provided in the form of private medical cover, life assurance, income protection insurance and a temporary travel allowance in connection with the office relocations.

Annual bonus
As described in the Policy Report, Trevor Mather's maximum bonus opportunity is capped at 150% of base salary whilst Sean Glithero's is capped at 130% of base salary.

Half of any bonus earned will be payable in shares, deferred for two years under the DABP.

The metrics and their weightings for 2016 are:

Metric	Percentage of total bonus
Underlying operating profit	75%
Strategic objectives	25%

In relation to the financial target, a challenging graduated scale will operate set around the 2016 business plan. For achievement of the threshold target, 20% of this part of the bonus opportunity becomes payable, with the maximum becoming payable for outperforming the 2016 business plan. Underlying operating profit is defined as operating profit before share-based payments, exceptional items, and impairments.

The strategic targets relate to two key performance objectives for 2016. These are the level of audience share we achieve versus our competitors during the year, which will determine up to 12.5% of the total bonus opportunity, and new product initiatives (the adoption of Managing Pillar products in the current financial year), which will also determine up to 12.5% of the total bonus opportunity.

The specific targets themselves are commercially sensitive, but the Committee intends to disclose them in the next Annual Report on Remuneration provided they are no longer considered to be commercially sensitive.

Performance Share Plan
The Committee's policy is to award Executive Directors annual PSP awards. The Committee intends to grant the first PSP awards to Trevor Mather and Sean Glithero, at a level of 200% of salary and 150% of salary respectively. As detailed in the Prospectus dated 19 March 2015 prepared in connection with the IPO, the Offer Price for the IPO will be taken as market value when determining the number of shares comprising individual awards in 2015 under the PSP.

The performance metrics and their weightings for the first award are set out below:

Metric	Percentage of total PSP awards
Cumulative underlying operating profit	75%
Relative total shareholder return	25%

Each element will be assessed independently.

Performance Share Plan continued

Cumulative operating profit target

Cumulative underlying operating profit will be defined as the sum of the Company's underlying operating profit result (which is operating profit before share-based payments, management incentive schemes, exceptional items and impairment) over the three consecutive financial years to March 2018.

The Committee considered a range of factors when setting the range of targets, including internal planning, emerging market expectations for the future performance of the Company and marketing practice in terms of target-setting across the constituents of the FTSE250 index. The actual range of targets is considered commercially sensitive, but the awards will vest according to the following schedule:

Cumulative underlying operating profit performance achieved	Proportion of awards subject to cumulative operating profit that vest
Below threshold	0%
Equal to threshold	25%
Stretch or above	100%

Performance achievement between the threshold and stretch performance point results in pro-rata vesting of awards.

The actual range of cumulative operating profit targets will be set out at the time the award vests.

Relative TSR targets

The performance condition applying to one quarter of PSP awards will be based on total shareholder return (TSR) performance over a measurement period running from Admission until March 2018.

Under the TSR element, the TSR of the Company will be compared to that of the FTSE250 index (excluding investment trusts) over the performance period, and will vest according to the following schedule:

TSR performance relative to the FTSE250 index (excluding investment trusts)	Proportion of awards subject to TSR that vest
Below index TSR	0%
Equal to index TSR	25%
Equal to index TSR plus 25% or above	100%

Performance achievement between the threshold and stretch performance point results in pro-rata vesting of awards.

To ensure that the first awards to be granted under the PSP would be fully aligned with the Company's focus on creating returns for its shareholders from Admission, as detailed in the Prospectus prepared in connection with the Company's IPO, the performance period when measuring TSR will run from Admission with the Company's TSR being measured from the Offer Price of the IPO. More generally, consistent with market practice, a three month averaging period will normally apply for the purposes of calculating the start and end values for the purposes of measuring TSR.

Reflecting recent developments in institutional investors 'best practice', Executive Directors will ordinarily be required to retain their net of tax number of vested shares delivered under the PSP for at least two years from the point of vesting.

All-employee share plans

Following Admission all eligible employees, other than those under notice, were offered free shares under the SIP, valued at £3,600 per person at the time of the award.

The Committee's approach to the operation of the SIP and SAYE for future use remains under review.

Share ownership guidelines

The required share ownership level for the Executive Directors for 2016 will be 200% of salary for Trevor Mather and at least 150% of salary for Sean Glithero. Both Executive Directors currently hold well in excess of this limit, as set out on page 49.

Fees for the Chairman and Non-Executive Directors

The fee structure and levels were reviewed on Admission. The Chairman and Non-Executive Directors will next be eligible for an increase to fees in April 2016. A summary of current annual fees is shown below:

Chairman	£170,000
Non-Executive Director base fee	£52,500
Additional fees:	
Senior Independent Director	£9,000
Audit Committee Chairman	£9,000
Remuneration Committee Chairman	£9,000

Tom Hall and Nick Hartman have waived their entitlement to receive a fee.

Single figure of remuneration for the year ended 29 March 2015 – Audited

The table below shows the aggregate emoluments earned by the Directors of the Company from the date of Admission to 29 March 2015.

£000		Salary and fees	Benefits[1]	Pension[2]	Annual bonus	Long-term incentives	Total
Executive Directors							
Trevor Mather	2015	8	–	–	9	–	17
Sean Glithero	2015	4	–	–	2	–	6
Non-Executive Directors							
Ed Williams	2015	2	–	Nil	Nil	Nil	2
Tom Hall	2015	–	–	Nil	Nil	Nil	–
Nick Hartman	2015	–	–	Nil	Nil	Nil	–
Chip Perry	2015	1	–	Nil	Nil	Nil	1

1 Benefits include private healthcare.

2 Employer's pension contributions of 5% of salary were paid to Executive Directors.

Annual bonus for the year ended 29 March 2015 – Audited

The targets applying to the annual bonus for the year ended 29 March 2015 related to the Company's adjusted EBITDA performance. As these were set in the context of the Company being a privately owned company, and being unlisted for the vast majority of the financial year, the actual targets are not disclosed.

In future, however, the Committee is committed to disclosing targets for bonus payouts to the extent reasonable within the bounds of commercial sensitivity.

Directors' shareholdings and share interests – Audited

The Group has adopted formal shareholding guidelines in order to encourage Executive Directors to build and maintain a shareholding in the Company equivalent in value to 200% of salary for Trevor Mather, and 150% of salary for Sean Glithero. If an Executive Director does not meet the guidelines, they will be expected to retain at least half of the net shares vesting under the Company's discretionary share-based employee incentive schemes until the guidelines are met.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 29 March 2015.

Director	Beneficially owned shares[1]	Number of awards held under the PSP conditional on performance[2]	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 29 March
Executive Directors				
Trevor Mather	19,134,581	–	200%	9,203%
Sean Glithero	5,197,581	–	150%	4,525%
Non-Executive Directors				
Ed Williams	6,875,444	–	N/A	N/A
Tom Hall	–	–	N/A	N/A
Nick Hartman	–	–	N/A	N/A
Chip Perry	3,680,084	–	N/A	N/A

1 Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline.

2 The first PSP awards will be granted in June 2015 following the announcement of results.

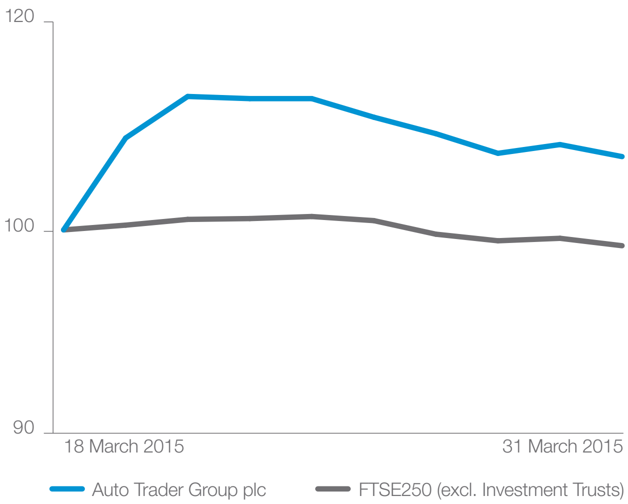
Total pension entitlements – Audited

Details of the value of pension contributions received since Admission are provided in the 'Pensions' column of the 'Remuneration received by Directors' table.

Performance graph and CEO remuneration table

The graph below illustrates the Company's TSR performance relative to the constituents of the FTSE250 index (excluding investment companies) of which the Company is expected to become a constituent, from the start of conditional share dealing on 18 March 2015. The graph shows performance of a hypothetical £100 invested and its performance over that period.

Total shareholder return



Source: Datastream (Thomson Reuters)

This graph shows the value, by 31 March 2015, of £100 invested in Auto Trader Group plc at the IPO offer price of £2.35 per share on 18 March 2015 compared with the value of £100 invested in the FTSE250 Index (excluding Investment Trusts).

The table below sets out the Chief Executive's single figure of total remuneration together with the percentage of maximum annual bonus awarded over the same period.

	2015
CEO total remuneration (£000)	17
Annual bonus[1] (% of maximum)	N/A
Share award vesting[2] (% of maximum)	N/A (no award vested in 2015)

1 At the time the 2015 Bonus Plan was implemented the Company was a private company – no maximum was applied.

2 No share awards were made or vested in 2015.

Percentage increase in the remuneration of the Chief Executive

As the Company listed during 2015, there is no disclosure of remuneration relating to prior years. Accordingly, this Report does not set out the percentage change in remuneration between 2014 and 2015.

Relative importance of the spend on pay

The following table shows the Company's actual spend on pay for all employees compared to Group performance.

	2015 £m	2014 £m	% change
Employee costs (see note 5)	**50.3**	51.5	(2)
Average number of employees	**898**	979	(8)
Revenue	**255.9**	237.7	8
Adjusted underlying EBITDA	**156.6**	136.1	15

External directorships

Neither of the Executive Directors holds any external directorships.

Membership of the Committee

During the year ended 29 March 2015, the Committee comprised Ed Williams (Chairman), Tom Hall and Nick Hartman. On Admission, the Committee composition was changed, with Ed Williams continuing to chair the Committee and Chip Perry (Independent Non-Executive Director) as a member. Following the end of the financial year David Keens (also an Independent Non-Executive Director) was appointed to the Committee and it is the intention that at such time as another Independent Non-Executive Director is appointed they will also join the Committee. Ed Williams intends to step down from the Remuneration Committee once the first AGM and associated investor consultations have been completed and a new chair of the Remuneration Committee has been appointed.

The Chief Executive and other members of the management team may be invited to attend meetings to assist the Committee in its deliberations and as appropriate. No person, however, is present during any discussion relating to their own remuneration.

In the run up to the IPO, the Committee at that time (Ed Williams, Tom Hall and Nick Hartman) held several meetings as part of its work to develop the post-Admission remuneration policy. All members of the Committee attended all of the meetings. These meetings of the Committee covered the following key areas:

> comprehensive design of remuneration considerations prior to the IPO and adoption of the new remuneration policy;

> consideration of metrics and targets for the 2016 annual bonus plan and PSP award; and

> consideration and adoption of the 2015 PSP, DABP, SIP and SAYE plans, including prospectus disclosures.

The terms of reference of the Committee are available on the Company's website, and on request.

External advisers

New Bridge Street (NBS), part of Aon plc, provides independent advice to the Committee, and was appointed by the Committee. The Committee seeks advice relating to executive remuneration and the wider senior management population from NBS. Neither NBS nor Aon provide any other services to the Company.

The Committee is satisfied that the advice received by NBS in relation to executive remuneration matters during the year was objective and independent. Terms of engagement are available on request from the Company Secretary. NBS is a member of the Remuneration Consultants' Group and abides by the Remuneration Consultants' Group Code of Conduct, which requires its advice to be objective and impartial. The fees paid to NBS for providing advice in relation to executive remuneration immediately following Admission in connection with the year under review were circa £13,500 (excluding VAT). The advice provided primarily related to assisting with the Directors' Remuneration Report and communication of the post IPO remuneration practices.

Statement of shareholder voting

As Auto Trader Group plc has not held an AGM since Admission no voting outcomes are available. Details of remuneration-related voting outcomes will be published in next year's Directors' Remuneration Report.

Approval

This Directors' Remuneration Report, including both the Policy and Annual Remuneration Report, has been approved by the Board of Directors.

Signed on behalf of the Board of Directors

Ed Williams
Chairman, Remuneration Committee

19 June 2015

Directors' Report

The Directors have pleasure in submitting their Report and the audited financial statements of Auto Trader Group plc (the 'Company') and its subsidiaries (together the 'Group') for the financial year to 29 March 2015.

Statutory information

Information required to be part of the Directors' Report can be found elsewhere in this document, as indicated in the table below and is incorporated into this Report by reference:

Section of Report	Page reference
Amendment of the Articles	Directors' Report (page 53)
Appointment and replacement of Directors	Directors' Report (page 52)
Board of Directors	Corporate Governance Statement (pages 28 and 29)
Change of control	Directors' Report (page 54)
Community	Strategic Report; Corporate Social Responsibility (page 24)
Directors' indemnities	Directors' Report (page 55)
Directors' interests	Remuneration Report (page 49)
Directors' responsibility statement	Directors' Report (page 56)
Disclosure of information to auditors	Directors' Report (page 56)
Employee involvement	Strategic Report; Corporate Social Responsibility (page 24)
Employees with disabilities	Strategic Report; Corporate Social Responsibility (page 24)
Events post year end	Directors' Report (page 55)
Future developments of the business	Strategic Report
Going concern	Directors' Report (page 55)
Greenhouse gas emissions	Corporate Social Responsibility (page 25)
Independent auditors	Directors' Report (page 56)
Results and dividends	Directors' Report (page 55)
Political donations	Directors' Report (page 55)
Powers for the Company to issue or buy back its shares	Directors' Report (page 53)
Powers of the Directors	Corporate Governance Statement and Directors' Report (page 53)
Research and development activities	Directors' Report (page 55)
Restrictions on transfer of securities	Directors' Report (page 54)
Rights attaching to shares	Directors' Report (page 53)
Risk management	Strategic Report (pages 20-21) and note 2 to the consolidated financial statements; Corporate Governance Statement
Share capital	Directors' Report (page 53)
Significant related party agreements	Note 29 to the consolidated financial statements; Corporate Governance Statement
Significant shareholders	Directors' Report (page 54)
Statement of corporate governance	Corporate Governance Statement (page 30)
Transactions with related parties	Directors' Report (page 55)
Voting rights	Directors' Report (page 53)

Management Report

This Directors' Report, on pages 52 to 56, together with the Strategic Report on pages 2 to 25, form the Management Report for the purposes of DTR 4.1.5R.

The Strategic Report

The Strategic Report, which can be found on pages 2 to 25, sets out the development and performance of the Group's business during the financial year, the position of the Group at the end of the year and a description of the principal risks and uncertainties, which is set out on pages 20 to 21.

UK Corporate Governance Code

The Company's statement on corporate governance can be found in the Corporate Governance Statement, the Audit Committee Report, the Nomination Committee Report and the Directors' Remuneration Report on pages 41 to 51. The Corporate Governance Report, the Audit Committee Report and the Nomination Committee Report form part of this Directors' Report and are incorporated into it by reference.

Appointment and replacement of Directors

The Company may, by ordinary resolution of the shareholders of the Company at a general meeting, remove any Director from office and elect another person in place of a Director so removed from office following recommendation by the Nomination and Corporate Governance Committee in accordance with its terms of reference for approval by the Board.

Pursuant to the Relationship Agreement, the Company has agreed with the Apax Shareholders, Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l., funds advised by Apax ('the Apax Shareholders'), that it may appoint and remove two Non-Executive Directors to the Board for so long as the Apax Shareholders (and/or any of its associates, when taken together) holds 20% or more of the voting rights over the Company's shares, and one Non-Executive Director to the Board for so long as it (and/or any of its associates, when taken together) holds 10% or more but less than 20% of the voting rights over the Company's ordinary shares.

At each Annual General Meeting each Director then in office shall retire from office with effect from the conclusion of the meeting. When a Director retires at an Annual General Meeting in accordance with the articles of association of the Company, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles. All Directors will stand for re-election on an annual basis in line with the recommendations of the Code.

Amendment of the Articles

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles of Association at the forthcoming Annual General Meeting.

Share capital and control

The Company's issued share capital comprises ordinary shares of £1.50 each which are listed on the London Stock Exchange (LSE: AUTO.L). The ISIN of the shares is GB00BVYVFW23.

The issued share capital of the Company as at 29 March 2015 and 19 June 2015, comprises 1,000,000,000 and 1,001,051,699 ordinary shares of £1.50 each respectively. Further information regarding the Company's issued share capital can be found on page 101 of the financial statements. Details of the movements in issued share capital during the year are provided in note 24 to the Group's financial statements contained on page 101. All the information detailed in note 24 on page 101 forms part of this Directors' Report and is incorporated into it by reference.

Details of employee share schemes are provided in note 27 to the financial statements on page 103.

At the Annual General Meeting of the Company to be held on 17 September 2015 the Directors will seek authority from shareholders to allot shares in the capital of the Company up to a maximum nominal amount of £1,001,101,751 (667,401,168 shares (representing approximately 66% of the Company's issued ordinary share capital)) of which 333,650,531 shares (representing approximately 33% of the Company's issued ordinary share capital (excluding treasury shares)) can only be allotted pursuant to a rights issue.

Authority to purchase own shares

By resolutions passed at the general meeting of the Company on 18 March 2015, prior to the date of the IPO, the Company was authorised to make market purchases of up to 100,000,000 of its ordinary shares, subject to minimum and maximum price restrictions. This authority will expire at the conclusion of the forthcoming AGM. Since the Admission, the Company has not exercised any powers to purchase the Company's ordinary shares.

The Directors will seek authority from Shareholders at the forthcoming Annual General Meeting for the Company to purchase, in the market, up to a maximum of 100,105,169 of its own ordinary shares either to be cancelled or retained as treasury shares. The Directors will only use this power after careful consideration, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The Directors will also take into account the effects on earnings per share and the interests of Shareholders generally.

Rights attaching to shares

All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described below. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

No Shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the Auto Trader Group Share Incentive Plan, where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the Scheme rules.

Voting rights

Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not than less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held by him, unless all amounts presently payable by him in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on transfer of securities

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to close periods) and requirements of the Listing Rules whereby Directors and certain employees of the Company require Board approval to deal in the Company's securities.

On 18 March 2015, the Company entered into an underwriting agreement (the 'Underwriting Agreement') with, the Directors, the Apax Shareholders, Merrill Lynch International and Deutsche Bank AG London Branch (the 'Joint Global Coordinators') and Merrill Lynch International, Deutsche Bank AG London Branch, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Numis Securities Limited (the 'Underwriters'), in accordance with which:

> the Company has agreed, subject to certain customary exceptions, not to issue any ordinary shares in the Company for a period of 180 days following Admission without the prior written consent of the Joint Global Coordinators;

> the Apax Shareholders agreed not to dispose of any ordinary shares in the Company for a period of 360 days following Admission without the prior written consent of the Joint Global Coordinators; and

> each of the Directors has agreed not to dispose of any ordinary shares for a period of 360 days following Admission without the prior written consent of the Joint Global Coordinators.

Each member of the operational leadership team has agreed with the Company not to dispose of any ordinary shares in the Company for a period of 360 days following Admission without the prior written consent of the Company.

All of the above arrangements are subject to certain customary exceptions.

Change of control

Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

The only significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid, and the effect thereof, are as follows:

The Relationship Agreement with the Apax Shareholders contains a provision allowing the Apax Shareholders to terminate the agreement with immediate effect if any person acquires control of the Company (namely holding and/or ownership of the beneficial interest in and/or the ability to exercise the voting rights applicable to shares or other securities in the Company which confer, in aggregate, on the holders, whether directly or indirectly, more than 50% of the voting rights exercisable at general meetings of the Company) or the Company ceases to be admitted to the Official List.

The Term Loan and Revolving Credit Facility contain customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control.

2015 Annual General Meeting

The Annual General Meeting will be held at 10.00 am on 17 September 2015 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. The Notice of Meeting which sets out the resolutions to be proposed at the forthcoming AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

Interests in voting rights

At the year end the Company had been notified, in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure and Transparency Rules, of the following significant interests in the issued ordinary share capital of the Company:

Shareholder	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £1.50 each
Crystal A Holdco S.à r.l.	95,780,682	9.57%
Crystal B Holdco S.à r.l.	156,273,650	15.61%

There have been no changes to disclosure of significant interests since the year end.

Transactions with related parties

The only material transactions with related parties during the year were:

Relationship Agreement: The Relationship Agreement was entered into on 19 March 2015 between the Apax Shareholders and the Company, and its principal purpose is to ensure that the Company is capable at all times of carrying on its business independently of the Apax Shareholders. Subject to a certain minimum shareholding, the Relationship Agreement details the rights the Apax Shareholders have: to representation on the Board and Nomination and Corporate Governance Committee; to appoint observers to the Remuneration, Audit and Risk Committee; and to certain anti-dilution rights.

The Company has also undertaken to cooperate with the Apax Shareholders in the event of a sale of the shares by either of the Apax Shareholders at any time following the IPO.

Reorganisation Agreement: The Reorganisation Agreement was entered into on 6 March 2015 between the Company, Auto Trader Holding Limited, and pre-IPO shareholders and contained certain reorganisation steps that took place in connection with the IPO within the Group.

Results and dividends

The Group's and Company's audited financial statements for the year are set out on pages 64 to 112.

Prior to the IPO a dividend of £3.6m was declared and settled via the waiver of amounts due from Shareholders (see note 25).

The Directors do not recommend payment of a final dividend for 2015 (2014: £Nil).

Events post year end

In the Company's IPO prospectus, the Company noted its intention to reduce its share capital by means of a court-sanctioned reduction in capital in order to provide it with the distributable reserves required to support the intended dividend policy. The capital reduction was approved by a special resolution passed at a general meeting of the Company on 18 March 2015 and will require court approval. It is envisaged that the final court hearing to formally approve the proposed reduction of capital will take place before September 2015.

Research and development

Innovation, specifically in software, is a critical element of Auto Trader's strategy and therefore of the future success of the Group. Accordingly, the majority of the Group's research and development expenditure is predominantly related to this area. Since 30 September 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements, and as a result the amount of capitalised development costs has decreased as less expenditure meets the requirements of IAS 38 Intangible assets.

Indemnities and insurance

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries. The Company also indemnifies the Directors under a qualifying indemnity/for the purposes of section 236 of the Companies Act 2006: in the case of the Non-Executive Directors in their respective letters of appointment and in the case of the Executive Directors in a separate deed of indemnity. Such indemnities contain provisions that are permitted by the Director liability provisions of the Companies Act and the Company's Articles.

Environmental

Information on the Group's greenhouse gas emissions is set out in the Corporate Social Responsibility section on page 25 and forms part of this report by reference.

Political donations

During the year, no political donations were made.

External branches

The Group had no registered external branches during the reporting period.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 25. The financial position of the Company and its cash flows are described in the Finance Director's Review on pages 16 to 19. In addition, the notes to the financial statements include the Company's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

On the basis of current financial projections and facilities available, the Directors are satisfied that the Group is well placed to manage its business risks successfully and therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements continue to be prepared on a going concern basis.

Suppliers

The Group understands the importance of maintaining good relationships with suppliers and it is Group policy to agree appropriate terms and conditions for its transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and for payment to be made as they fall due in accordance with these terms, provided the supplier has complied with its obligations.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk are given on pages 78 to 80 in note 2 to the consolidated financial statements.

Independent auditors

PwC LLP has confirmed its willingness to continue in office as auditor of the Group. In accordance with section 489 of the Companies Act 2006, separate resolutions for the reappointment of PwC LLP as auditors' of the Group and for the Audit Committee to determine their remuneration will be proposed at the forthcoming AGM of the Company.

Disclosure of information to auditors

Each of the Directors has confirmed that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration 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 the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and the Company and of the profit or loss of the Group 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 accounting estimates that are reasonable and prudent;

> state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively; and

> prepare the Annual Report and Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

> the financial statements, prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

> the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

> the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

This statement has been given in accordance with IFRS accounting standards.

Approval of Annual Report

The Strategic Report and the Corporate Governance Report were approved by the Board on 19 June 2015.

Approved by the Board and signed on its behalf

Sean Glithero
Company Secretary

19 June 2015

Independent Auditors' Report to the members of Auto Trader Group plc

Report on the Group financial statements

Our opinion

In our opinion, Auto Trader Group plc's Group financial statements (the 'financial statements'):

> give a true and fair view of the state of the Group's affairs as at 29 March 2015 and of its profit and cash flows for the year then ended;

> have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and

> have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

Auto Trader Group plc's financial statements comprise:

> the Consolidated Balance Sheet as at 29 March 2015;

> the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;

> the Consolidated Statement of Cash Flows for the year then ended;

> the Consolidated Statement of Changes in Equity for the year then ended; and

> the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

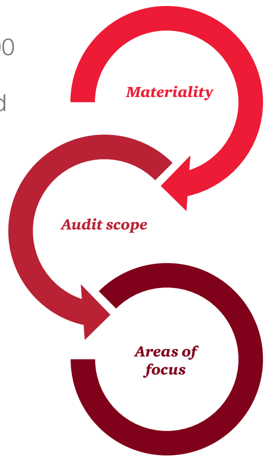
Our audit approach

Overview

Overall Group materiality: £3,650,000 which represents 2.5% of earnings before interest, tax, depreciation and amortisation (EBITDA).

We performed full scope audits over the Group's operations in the UK and Ireland, which together comprise 100% of the Group's trading operations.

We also performed full scope audits of the Group's centralised functions in the UK comprising the parent and intermediate holding companies.



Our risk assessment identified the following as areas of specific focus in our audit:

> capital restructuring and refinancing transactions in relation to the Initial Public Offering ('IPO');

> share-based compensation expense;

> treatment of IT development costs; and

> restructuring provisions and related expenses.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as 'areas of focus' in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report to the members of Auto Trader Group plc
continued

Area of focus	How our audit addressed the area of focus
Capital restructuring and refinancing transactions in relation to the Initial Public Offering ('IPO') (Refer to pages 76 and 77 (Accounting policies), page 101 (note 24) and page 95 (note 19) for further information) In preparation for the IPO during the year, the Group undertook a capital reorganisation and refinancing, and executed a complex step plan which included the creation of a new holding company, share exchanges, repayment arrangements for previous shareholder and bank debt and new Group banking facilities agreed. The accounting treatments for the capital reorganisation require the directors to apply significant judgement because of the range of possible accounting treatments that could be adopted. In addition the execution of the step plan represented a heightened risk of material misstatement due to the magnitude and complexity of accounting entries. Significant legal and professional costs were incurred during the process, including those relating to Admission of the Group's shares on the London Stock Exchange, refinancing costs and expenses relating to capital structuring. The accounting treatment for these issue costs is a complex area and requires the directors to apply significant judgement in assessing whether the costs are capital or expenditure in nature, and, if capital, whether they relate to the issuance of debt or equity.	We tested the pre-IPO reorganisation of the Group's capital structure by agreeing that share transactions and the capitalisation of shareholder loans were consistent with Board resolutions and submissions to Companies House. We tested the funds flow for the IPO transaction by agreeing the primary proceeds to supporting agreements, the IPO proceeds to widely held public information and official London Stock Exchange Listing documentation, and the term loan proceeds to signed loan agreement and drawdown request. We tested the use of funds by agreeing to direction letters issued by the Group and corroborating this use by inspecting agreements and signed confirmation from the previous debtholders that conditions of the deed of release had been met. As well as testing the underlying transactions for the capital reorganisation and refinancing, we also considered whether the accounting treatment for these transactions was consistent with the underlying shareholder and loan agreements. We assessed the appropriateness of the presentation of issue costs within share premium, capitalised against debt or as an expense in the Consolidated Income Statement by agreeing a sample of costs to contracts and third party invoices and determining whether their classification in the financial statements was consistent with the nature of the services provided. We found management's judgements and application of relevant accounting standards, and the execution of the step plan, to be supported by the evidence we obtained.

Area of focus	How our audit addressed the area of focus
Share-based compensation expense (Refer to page 72 (Accounting policies) and page 103 (note 27) for further information) The Group has share ownership schemes in place for certain members of management, which are accounted for under IFRS 2 Share-based payment. A share-based payment compensation charge of £3.7m is recognised within in the Consolidated Income Statement (see note 5). Shares were awarded to directors and senior management during the year. As part of the Group restructure and IPO these shares were subsequently converted into shares in the new holding company. The accounting treatment for share transactions of this nature and the valuation of related share-based compensation expenses is complex and involves significant judgement as the assumptions used are inherently subjective. The complexity is driven by uncertainty in the fair value of the shares being granted, which is a key assumption to the accounting charge under IFRS 2. This valuation is derived by the directors from a recognised pricing model, but requires judgement in assessing the valuation of the Group's market capitalisation at the time the shares are issued. The Directors have also exercised significant judgement in determining the expected period over which the share-based payment expense is recognised which has a material impact on the current year Consolidated Income Statement. In addition the Directors have classified these share-based payments charges as non-underlying within the financial statements. This presentation depends on judgement as to whether they relate to the IPO or were made in the normal course of business.	We used our valuations expertise to assess the appropriateness of the key inputs and valuation method underpinning the valuation of the Group's market capitalisation and therefore the associated share-based compensation expense. We considered the accounting treatments adopted in respect of the amendments to rights and classes of shares on restructuring, and the judgement applied by the Directors in these areas. We considered the judgement made by the Directors in determining the period over which the share-based compensation expense should be recognised, by reference to the vesting periods set out in share agreements and other commercial factors impacting the most likely vesting date. We found that the accounting treatments adopted in respect of management share schemes and the valuation and recognition of the share-based compensation expense were appropriate and in line with the accounting standards. We considered the appropriateness of the presentation of the share-based compensation charge as non-underlying charges. We determined that this presentation was appropriate because the granting of these shares was inextricably linked to the expected IPO which was a one-off event and there were no significant future performance obligations which would suggest the share grants were in the normal course of business.

Independent Auditors' Report to the members of Auto Trader Group plc
continued

Area of focus	How our audit addressed the area of focus
Treatment of IT development costs (Refer to page 73 (Accounting policies) and page 88 (note 11) for further information) The Group incurs significant internal and external costs in respect of the ongoing development of its IT systems, including its website and other key systems. As at 29 March 2015, £64.8m of these costs are capitalised within intangible fixed assets, as set out in note 11. In previous years, large scale projects were ongoing to develop the Group's IT platform, resulting in a high level of capitalised costs. The majority of these projects were completed in the prior year, but the Group continues to incur significant costs in respect of the maintenance of these assets. The accounting for these costs as either intangible fixed assets or expense items recorded in the Consolidated Income Statement involves judgement and is dependent on the nature of the related development; namely whether it is capital (as relating to the creation of a new asset or enhancement of an existing asset), or expenditure (as relating to the ongoing maintenance of an existing asset) in nature. We therefore focused our work on the risk that costs have been inappropriately recognised either as an expenditure item or capital item.	We evaluated the Group's controls and processes over the identification and classification of IT development expenditure. We tested a sample of IT development costs in the year, agreed these to underlying documentation, and assessed whether or not the nature of services supported the accounting treatment as capital or expenditure. We found that the accounting treatment of IT development costs in the year was supported by the evidence obtained.
Restructuring provisions and related expenses (Refer to page 76 (Accounting policies) and page 97 (note 21) for further information) The Group has recorded a provision of £5.5m at 29 March 2015 in relation to costs arising from a significant restructuring of its operations in the current and preceding financial year, including the closure of three offices in Warrington, Reading and Wimbledon, and the relocation of people and operations to new offices in Manchester and London. The provision principally comprises exit costs from old properties, relocation costs and redundancy expenses. We focused on this area because assessing the value of future property related provisions requires the directors to exercise judgement in determining the likely outcome of ongoing negotiations around when a property is exited, and the associated costs of exiting the property including the cost of making good. These negotiations, and therefore the judgements made by the directors, could lead to a range of different outcomes. We also considered the appropriateness of the classification of these costs as exceptional, because of the judgement over whether or not these associated restructuring costs are truly one-off in nature as opposed to on-going restructuring that could be expected to take place in the normal course of business.	We tested a sample of balances included within restructuring provisions at year end against supporting documentation (including lease agreements, third party estimates of dilapidation liabilities, correspondence with landlords and communications and agreements with employees) to assess whether estimates of future obligations associated with the restructuring have been made on a reasonable basis. We assessed assumptions about exit dates and the potential dilapidation costs based on previous history and estimates made by the directors. In making this assessment, we considered the overall accuracy of provisioning in previous periods as well as the likelihood of a range of potential alternative outcomes that we identified could result from ongoing negotiations. Finally, we formed a view as to whether exceptional classification is appropriate by inspecting supporting documentation to assess whether costs are in the normal course of business or related to the one-off exit of a site linked to the single significant restructuring programme being undertaken by the Group. We found that the treatment of costs and valuation of closing provisions was supported by the evidence obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises two geographic operations, being the UK trading business (Auto Trader Limited), and the Ireland trading business (Webzone Limited). A shared service centre model is utilised by the Group and the financial reporting function is centralised as part of this model, which also includes responsibility for the financial accounting of the parent company and intermediate holding companies.

We designed our scoping such that the Group audit team performed audit procedures over all material financial statement line items. The reporting units where we performed audit work accounted for 100% of the reported revenues and EBITDA. We performed full scope audits over the Group's operations in the UK and Ireland and concluded that this gave us the evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£3,650,000.
How we determined it	2.5% of earnings before interest, tax, depreciation and amortisation (EBITDA).
Rationale for benchmark applied	EBITDA is considered the appropriate benchmark to determine materiality for the Group. The Group monitors performance on a measure consistent with EBITDA and it is the key benchmark for assessing the performance of the business by management and, we believe, one of the key measures used by the shareholders as a body in assessing the Group's performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £182,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 55, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The information given in the Corporate Governance Statement set out on pages 30 to 34 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

> information in the Annual Report and Financial Statements is:
  – materially inconsistent with the information in the audited financial statements; or
  – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
  – otherwise misleading.

We have no exceptions to report arising from this responsibility.

> the statement given by the Directors on page 56, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report and Financial Statements taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the members of Auto Trader Group plc
continued

> the section of the Annual Report and Financial Statements on page 38, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the parent Company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the parent Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 56, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This Report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

> whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;

> the reasonableness of significant accounting estimates made by the Directors; and

> the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the parent company financial statements of Auto Trader Group plc for the year ended 29 March 2015 and on the information in the Directors' Remuneration Report that is described as having been audited.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

19 June 2015

(a) The maintenance and integrity of Auto Trader Group plc's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.