Independent auditor's report to the members of Auto Trader Group plc

1. OUR OPINION IS UNMODIFIED

In our opinion:

- the financial statements of Auto Trader Group plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Auto Trader Group plc ('the Company') for the year ended 31 March 2024 (FY24) included in the Annual Report and Financial Statements, which comprise:

Group	Parent Company (Auto Trader Group plc)
Consolidated income statement	Company balance sheet
Consolidated statement of comprehensive income	Company statement of changes in equity
Consolidated balance sheet	Notes 1 to 12 to the Parent Company financial statements, including the accounting policies in note 1
Consolidated statement of changes in equity	
Consolidated statement of cash flows	
Notes 1 to 35 to the Consolidated financial statements, including the accounting policies in note 2	

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ('AC').

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. OVERVIEW OF OUR AUDIT

FACTORS DRIVING OUR VIEW OF RISKS

On 22 June 2022 the Company acquired Autorama UK Limited ('Autorama'). The identification and valuation of acquired intangible assets was a significant audit risk of error and a key audit matter in FY23 only. This financial year, for the consolidated financial statements, recoverability of goodwill relating to Autorama is a significant risk for our audit, and a key audit matter. This reflects this being the first full year since the acquisition and the judgement required to estimate forecast growth in revenue cash flows, particularly the future number of new car leases transacted.

In the Parent Company financial statements, consistent with the reasons for the consolidated goodwill impairment risk described above, we have identified a significant audit risk and a key audit matter over the recoverable amount of the Parent Company's investment in its Autorama subsidiary.

We have also identified a key audit matter relating to revenue recognition over Trade Retailer revenue. This is the main driver of the Group's results and its size is reflected in the allocation of our resources in planning and executing the audit. Consistent with the prior year, we do not consider this to be a significant audit risk of material misstatement, as based on our cumulative audit experience, we have concluded that there is no material judgement or estimation in Trade Retailer revenue recognition and low risk of fraudulent material misstatement, given the low value and high volume of individual transactions.

Key audit matters	Vs prior year	Item
Recoverability of goodwill relating to Autorama	+	4.1
Recoverability of the Parent Company's investment in Autorama subsidiary	↑	4.2
Revenue recognition (Trade Retailer)	◆	4.3

104 – 162

Independent auditor's report to the members of Auto Trader Group plc continued

AUDIT COMMITTEE INTERACTION

During the year, the Audit Committee met 5 times. KPMG are invited to attend all Audit Committee meetings and are provided with an opportunity to meet with the Audit Committee in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the AC in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee Chair's report on pages 73 to 77 are materially consistent with our observations of those meetings.

OUR INDEPENDENCE

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during FY24 or subsequently which are prohibited by the FRC Ethical Standard.

We were first appointed as auditor by the shareholders for the year ended 31 March 2017. The period of total uninterrupted engagement is for the eight financial years ended 31 March 2024.

The Group engagement partner is required to rotate every 5 years. As these are the fourth set of the Group's financial statements signed by David Derbyshire, he will be required to rotate off after the FY25 audit.

The Group engagement partner is also responsible for component audits as set out in section 7 and has had a tenure of 4 years.

Total audit fee	£531,000
Audit related fees (including interim review)	£52,000
Other services	£15,000
Non-audit fee (excluding interim review) as a % of total audit and audit related fee %	2.6%
Date first appointed	22 September 2016
Uninterrupted audit tenure	8 years
Next financial period which requires a tender	2027
Tenure of Group engagement partner	4 years
Average tenure of component signing partners	4 years

MATERIALITY (ITEM 6 BELOW)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £16.5m (FY23: £14.0m) and for the Parent Company financial statements as a whole at £12.8m (FY23: £13.0m).

Consistent with FY23, we determined that profit before tax remains the benchmark for the Group as it is the metric which best reflects the focus of the financial statements' users. As such, we based our Group materiality on profit before tax, of which it represents 4.8% (FY23: 4.8%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.75% (FY23: 0.75%).

Materiality levels used in our audit

Independent auditor's report to the members of Auto Trader Group plc continued

GROUP SCOPE (ITEM 7 BELOW)

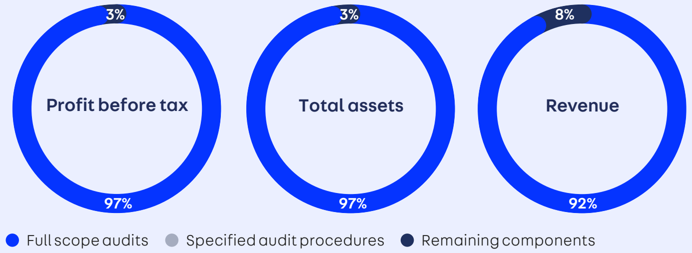
We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and the type of procedures to be performed at these components.

Of the Group's 6 (FY23: 6) reporting components, we subjected 1 (FY23: 1) to a full scope audit. We subjected 1 (FY23: 1) to specified audit procedures. The audit of these components and the audit of the Parent Company was performed by the Group team. The components within the scope of our work accounted for the percentages illustrated opposite.

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

Coverage of Group financial statements



THE IMPACT OF CLIMATE CHANGE ON OUR AUDIT

In planning our audit, we have considered the potential impact of risks arising from climate change on the Group's business and its financial statements. The Group has set out its commitments under the Paris Agreement to achieve net zero carbon emissions by 2040. Further information is provided in the Group's Task Force on Climate-related Financial Disclosures ('TCFD') recommended disclosures on pages 29 to 39.

As a part of our audit we have performed a risk assessment, including making enquiries of management, reading board meeting minutes and applying our knowledge of the Group and sector in which it operates to understand the extent of the potential impact of climate change risk on the Group's financial statements and to consider the impact of climate change on our audit.

Our risk assessment focused on the risk climate change may pose to the determination of future cash flows used in assessments such as impairment risk. We held discussions with our own climate change professionals to challenge our risk assessment. On the basis of our risk assessment, we determined that goodwill impairment and the recoverability of the Parent Company investment in Autorama are the areas which will be the most impacted.

As explained in note 13 of the financial statements, in preparing the value-in-use calculations management has projected sales growth in the Autorama Cash Generating Unit ('CGU'), based on forecast growth in new car leases. This growth is in part driven by the transition to electric vehicles and how these vehicles are sold and distributed.

Our audit response to the key audit matter of the recoverability of goodwill and Parent Company investment in Autorama therefore considers climate change factors, such as UK regulations affecting transition to new electric vehicles. Please refer to those key audit matter responses for further details.

Taking into account the relatively short-term nature of other assets we have not identified any other impacts of climate change on our key audit matters.

We have read the Group's TCFD in the front half of the Annual Report and considered consistency with the financial statements and our audit knowledge. We have not been engaged to provide assurance over the accuracy of the climate risk disclosures set out on pages 29 to 39 in the Annual Report.

104 – 162

3. GOING CONCERN, VIABILITY AND PRINCIPAL RISKS AND UNCERTAINTIES

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

GOING CONCERN

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to financial covenants over this period were lower than forecast revenues arising from reduced customer demand in the automotive market. We also considered less predictable but realistic second order impacts, such as reputational risk arising from a ransomware attack and a consequential erosion of customer confidence, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the Group's liquidity or covenant compliance in the going concern period by assessing the degree of downside assumptions that, individually and collectively, could result in a liquidity shortfall, taking into account the Group's current and projected cash and borrowing facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 60 is materially consistent with the financial statements and our audit knowledge.

DISCLOSURES OF EMERGING AND PRINCIPAL RISKS AND LONGER-TERM VIABILITY

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on pages 59 to 60 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on page 59 to 60 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

104 – 162

4. KEY AUDIT MATTERS

WHAT WE MEAN

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Recoverability of goodwill relating to Autorama

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Recoverability of group Autorama goodwill			+ Our risk assessment reflects FY24 being the first full year since the Autorama acquisition and the judgement required to estimate forecast growth in revenue cash flows.	**FY24: Acceptable**
Goodwill	**£92.5m**	£92.5m		

Description of the Key Audit Matter

Autorama goodwill represents a material asset in the consolidated balance sheet for which an annual impairment test is required to assess its recoverable amount. The consolidated Autorama cash generating unit book value, including other intangible assets and property, was £144.0m at 31 March 2024 (31 March 2023: £152.8m).

Recoverable amount is the higher of fair value less cost to sell and value in use. The Group has estimated the recoverable amount of the cash generating unit at 31 March 2024 based on value in use.

We have identified a significant audit risk, and a key audit matter, over the recoverability of Autorama goodwill due to the judgement required to estimate forecast revenue cash flows, particularly the future number of new car leases transacted by Autorama. The new car market, including leasing, is impacted by changes in new car supply and the transition to electric vehicles.

The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that value in use of the Autorama cash generating unit ('CGU') had a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In conducting our final audit work, we concluded that reasonably possible changes to the value in use of the Autorama CGU would not be expected to result in material impairment.

The consolidated financial statements (Note 13) disclose the sensitivity estimated by the Group.

Our response to the risk

We performed the tests below rather than seeking to rely on any of the group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures to address the risk included:

- Historical comparisons: we assessed the ability of the Group to forecast accurately, by comparing prior period forecasts of revenue growth assumptions to the actual outcomes.
- Benchmarking assumptions: we challenged the revenue growth assumptions in the value in use calculation by comparing management's assumption of growth in market share against external data (such as new car and leasing market data which reflect market expectations of the impact of climate change regulations).
- Benchmarking assumptions: we compared the inputs for the long term growth rate and discount rate used in the value in use calculations to comparable market data.
- Sensitivity analysis: we performed our own sensitivity analysis, including a reasonably possible reduction in the value and timing of forecast revenue growth and an alternative long term growth rate to assess the level of sensitivity to these assumptions.
- Assessing transparency: we assessed whether the Group's disclosures relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse changes in forecast revenue growth and long-term growth rate sufficiently reflected the risks inherent in estimating the recoverable amount of goodwill.

Communications with the Auto Trader Group Plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach and conclusion on the appropriateness of the impairment assessment performed by management, and of the key assumptions made in determining the recoverable amount based on value in use; and
- the adequacy of the consolidated financial statement disclosures, particularly as they relate to the sensitivity of the key assumptions.

Areas of particular auditor judgement

- The appropriateness of the model and in particular the key assumptions used in the model, including forecast revenue market share, the forecast period and the long term growth rate.

Our results

- We found the Group's conclusion that there is no impairment of Autorama goodwill to be acceptable (2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 73 for details on how the Audit Committee considered the recoverable amount of Autorama goodwill as an area of financial statement risk and judgement, page 126 for the accounting policy on Impairment, and note 13 for the financial disclosures.

4.2 Recoverability of the Parent Company's investment in Autorama (Parent Company)

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Investment in Autorama UK Limited	**£170.9m**	£198.8m	↑ Our assessment is that the risk is higher than FY23. This reflects FY24 being the first full year since the Autorama acquisition and the judgement required to estimate growth in forecast revenue cash flows.	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter

The carrying value of the Parent Company's investment in Autorama at 31 March 2024 was £170.9m (31 March 2023: £198.8m).

Recoverable amount is the higher of fair value less cost to sell and value in use. The Parent Company has estimated the recoverable amount of the cash generating unit investment at 31 March 2024 based on value in use.

We have identified a significant audit risk, and a key audit matter, over the recoverable amount of the investment in Autorama due to the judgement required to estimate forecast revenue cash flows, particularly the future number of new car leases transacted by Autorama. The new car market, including leasing, is impacted by changes in new car supply and the transition to electric vehicles.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the investment in Autorama has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the parent company financial statements as a whole.

The Parent Company financial statements (Note 3) disclose the sensitivity estimated by the Company.

Last year our key audit matter related to all of the company's investments in subsidiaries. For the reasons above, our key audit matter in the current year relates only to the company's investment in Autorama. We continue to perform procedures over the other investment in subsidiary.

Our response to the risk

We performed the tests below rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures to address the risk included:

- Assessing methodology: assessing management's identification of whether there are any qualitative or quantitative impairment indicators in respect of the investments held.
- Historical comparisons: we assessed the ability of the Group to forecast accurately, by comparing prior period forecasts of revenue growth assumptions to the actual outcomes.
- Benchmarking assumptions: we challenged the revenue growth assumptions in the value in use calculation by comparing management's assumption of growth in market share against external data (such as new car and leasing market data which reflect market expectations of the impact of climate change regulations).
- Benchmarking assumptions: we compared the inputs for the long term growth rate and discount rate used in the value in use calculations to comparable market data.
- Sensitivity analysis: we performed our own sensitivity analysis, including a reasonably possible reduction in the value and timing of forecast revenue growth and an alternative long term growth rate to assess the level of sensitivity to these assumptions.
- Assessing transparency: we assessed the Parent Company's disclosures relating to the sensitivity of the outcome of the impairment assessment to a reasonably possible adverse changes in forecast revenue growth and long-term growth rate.

Description of the Key Audit Matter	Our response to the risk

Communications with the Auto Trader Group plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach and conclusion on the appropriateness of the impairment assessment performed by management, and of the key assumptions made in determining the recoverable amount based on value in use; and
- the adequacy of the Parent Company financial statement disclosures, particularly as they relate to the sensitivity of the key assumptions.

Areas of particular auditor judgement

- The appropriateness of the model and in particular the key assumptions used in the model, including forecast revenue market share, the forecast period and the long term growth rate.

Our results

- As a result of our work, we considered the quantum of the impairment provision recognised in the year to be acceptable (2023: no impairment recognised - acceptable).

4.3 Revenue recognition (Group)

Financial Statement Elements	FY24	FY23	Our assessment of risk vs FY23	Our results
Trade Retailer revenue	**£450.0m**	£406.8m	◀▶ Our assessment is that the risk is similar to FY23, reflecting how the majority of the Group's revenue processing is performed and recognised on a consistent basis in both years.	**FY24: Acceptable** FY23: Acceptable

Description of the Key Audit Matter

Trade Retailer revenue primarily consists of fees for advertising on the Group's website and related data and access services. There are a high volume of transactions, no significant concentration of customers and a variety of set packages. Retailers have the ability to select the combination of products they receive.

Based on our cumulative audit experience, we have concluded that there is no material judgement or estimation in Trade Retailer revenue recognition and low risk of fraudulent material misstatement, given the low value and high volume of individual transactions.

We continue to consider Trade Retailer revenue recognition to be a key audit matter as it is the main driver of the Group's results and its size is reflected in the allocation of our resources in planning and executing the audit.

Our response to the risk

Our procedures to address the risk included:

- Control design and operation: testing the design, implementation and operating effectiveness of bank reconciliation controls, to provide evidence over reliability of cash data used in our tests of detail.
- Accounting analysis: inspecting contractual terms, including modifications to standard terms agreed in the year, to identify performance obligations and determine the timing of revenue recognition.
- Data comparisons: using computer assisted audit techniques to match sales information from the billing system to the accounting records.
- Tests of detail: using computer assisted audit techniques to match the entire population of Trade Retailer sales transactions recorded in the accounts to the billing system and from the billing system to cash received and trade receivables (including accrued income) outstanding at the year end.
- Tests of detail: using computer assisted AI transaction scoring to identify high and medium risk Trade Retailer sales transactions, for testing using statistical sampling techniques.

Communications with the Auto Trader Group Plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our planned audit approach for revenue testing, including our rebuttal of the presumed risk of material misstatement of revenue as a result of fraud and our use of computer assisted audit techniques.
- Our findings from our computer assisted audit techniques, which matched sales transactions between the accounts, the billing system, and cash received and trade receivables outstanding at year end.
- Our findings from our AI transactional scoring procedure, which identified high or medium risk revenue transactions for substantive testing.

Areas of particular auditor judgement

- We identified no areas of particular auditor judgement.

Our results

- We considered the amount of Trade Retailer revenue recognised in the year to be acceptable (2023: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 73 for details on how the Audit Committee considered revenue recognition as an area of financial statement risk and judgement, pages 122 to 123 for the accounting policy on Revenue, and note 5 for the financial disclosures.

104 – 162

4.4 Identification and valuation of acquired intangible assets (Group)
The identification and valuation of acquired intangible assets was a key audit matter for the year ended 31 March 2023, following the Company's acquisition of Autorama UK Limited ('Autorama') in that year. As there were no business combinations in the current year, we have not identified this key audit matter in our report this year.

5. OUR ABILITY TO DETECT IRREGULARITIES, AND OUR RESPONSE

FRAUD – IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

Fraud risk assessment	To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: • Enquiring of directors, the Audit Committee, internal audit and the company secretary and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the outsourced internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud; • Reading Board and other committee meeting minutes; • Considering remuneration incentive schemes and performance targets for management and directors, including the Group's share based incentive schemes, comprising the Performance Share Plan, the Deferred Annual Bonus and the Single Incentive Plan Award; and • Using analytical procedures to identify any unusual or unexpected relationships.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.
Fraud risks	As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as goodwill impairment assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no material judgement or estimation in revenue recognition and a low risk of fraudulent material misstatement, given the low value and high volume of individual transactions. We did not identify any additional fraud risks.
Procedures to address fraud risks	We performed procedures including: • Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected accounts and those posted with unusual descriptions; and • Assessing whether the judgements made in making accounting estimates, including goodwill impairment, are indicative of a potential bias.

LAWS AND REGULATIONS – IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT RELATING TO COMPLIANCE WITH LAWS AND REGULATIONS

Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
Direct laws context and link to audit	The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and pensions legislation in respect of defined benefit pension schemes and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditor's report to the members of Auto Trader Group plc continued

LAWS AND REGULATIONS – IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT RELATING TO COMPLIANCE WITH LAWS AND REGULATIONS

Most significant indirect law/ regulation areas	Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: General Data Protection Regulation, FCA compliance, competition law, employment law, anti-bribery and anti-corruption and money laundering legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT

Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. OUR DETERMINATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£16.5m (FY23: £14.0m) **Materiality for the group financial statements as a whole**	What we mean A quantitative reference for the purpose of planning and performing our audit. Basis for determining materiality and judgements applied Materiality for the Group financial statements as a whole was set at £16.5m (FY23: £14.0m). This was determined with reference to a benchmark of profit before tax. Consistent with FY23, we determined that profit before tax remains the main benchmark for the Group as it is the metric in the primary statements which best reflects the focus of the financial statements' users. Our Group materiality of £16.5m was determined by applying a percentage to profit before tax. When using a benchmark of profit before tax to determine overall materiality, KPMG's approach for listed entities considers a guideline range of 3% – 5% of the measure. In setting overall Group materiality, we applied a percentage of 4.8% (FY23: 4.8%) to the benchmark. Materiality for the Parent Company financial statements as a whole was set at £12.8m (FY23: £13.0m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.75% (FY23: 0.75%).
£12.3m (FY23: £10.5m) **Performance materiality**	What we mean Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Basis for determining performance materiality and judgements applied We have considered performance materiality at a level of 75% (FY23: 75%) of materiality for Auto Trader Group plc financial statements as a whole to be appropriate. The Parent Company performance materiality was set at £9.6m (FY23: £9.8m), which equates to 75% (FY23: 75%) of materiality for the Parent Company financial statements as a whole. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

£0.8m
(FY23: £0.7m)

Audit misstatement posting threshold

What we mean
This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to Auto Trader Group plc's Audit Committee.

Basis for determining the audit misstatement posting threshold and judgements applied
We set our audit misstatement posting threshold at 5% (FY23: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £16.5m (FY23: £14.0m) compares as follows to the main financial statement caption amounts:

	Total Group revenue		Group profit before tax		Total Group assets	
	FY24	FY23	FY24	FY23	FY24	FY25
Financial statement Caption	**£570.9m**	£500.2m	**£345.2m**	£293.6m	**£658.0m**	£662.7m
Group Materiality as % of caption	**2.9%**	2.8%	**4.8%**	4.8%	**2.5%**	2.1%

7. THE SCOPE OF OUR AUDIT

Group scope

What we mean
How the Group audit team determined the procedures to be performed across the Group.

Of the Group's 6 (FY23: 6) reporting components, we subjected 1 (FY23: 1) to a full scope audit. We subjected 1 (FY23: 1) to specified audit procedures for Group purposes. The audit of these components and the audit of the Parent Company was performed by the Group team.

Scope	Number of components	Materiality applied
Full scope audit	1	£15.5m
Specified audit procedures	1	£12.8m

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

8. OTHER INFORMATION IN THE ANNUAL REPORT

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

ALL OTHER INFORMATION

Our responsibility

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting

Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

STRATEGIC REPORT AND DIRECTORS' REPORT

Our responsibility and reporting

Based solely on our work on the other information described above we report to you as follows:

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

DIRECTORS' REMUNERATION REPORT

Our responsibility

We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE DISCLOSURES

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

Our reporting

Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.

We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Our responsibility

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

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

Our reporting

We have nothing to report in these respects.

104 – 162

9. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 103, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

30 May 2024

Consolidated income statement
For the year ended 31 March 2024

	Note	2024 £m	2023 £m
Revenue	5	**570.9**	500.2
Operating costs	4	**(225.0)**	(225.1)
Share of profit from joint ventures, net of tax	16	**2.8**	2.5
Operating profit	6	**348.7**	277.6
Net finance costs	9	**(3.5)**	(3.1)
Profit on disposal of subsidiary	10	**–**	19.1
Profit before taxation		**345.2**	293.6
Taxation	11	**(88.3)**	(59.7)
Profit for the year attributable to equity holders of the parent		**256.9**	233.9
Basic earnings per share (pence)	12	**28.15**	25.01
Diluted earnings per share (pence)	12	**28.07**	24.77

The accompanying notes form part of these financial statements.

104 – 162

Consolidated statement of comprehensive income

For the year ended 31 March 2024

	Note	2024 £m	2023 £m
Profit for the year		**256.9**	233.9
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		–	(0.3)
Realisation of cumulative currency translation differences		–	0.4
		–	0.1
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations, net of tax	25	**(0.1)**	(0.4)
Other comprehensive income for the year, net of tax		**(0.1)**	(0.3)
Total comprehensive income for the year attributable to equity holders of the parent		**256.8**	233.6

The accompanying notes form part of these financial statements.

104 – 162

Consolidated balance sheet
At 31 March 2024

	Note	2024 £m	2023 £m
Assets			
Non-current assets			
Intangible assets	13	**487.7**	501.0
Property, plant and equipment	14	**14.9**	15.9
Retirement benefit surplus	25	**0.6**	0.5
Net investments in joint ventures	16	**48.2**	49.3
Other investments	17	**1.3**	2.3
		552.7	569.0
Current assets			
Inventory	19	**2.6**	3.6
Trade and other receivables	18	**83.3**	72.9
Current income tax assets		**0.7**	0.6
Cash and cash equivalents	20	**18.7**	16.6
		105.3	93.7
Total assets		**658.0**	662.7
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	26	**9.2**	9.3
Share premium		**182.6**	182.6
Retained earnings		**1,420.5**	1,390.3
Own shares held	27	**(31.3)**	(26.0)
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)
Capital redemption reserve		**1.4**	1.2
Other reserves		**30.7**	30.7
Total equity		**552.3**	527.3
Liabilities			
Non-current liabilities			
Borrowings	22	**27.7**	57.5
Provisions	23	**1.6**	1.3
Lease liabilities	15	**2.4**	4.6
Deferred income	5	**7.8**	8.3
Deferred taxation liabilities	24	**2.9**	5.8
		42.4	77.5
Current liabilities			
Trade and other payables	21	**60.1**	53.6
Provisions	23	**0.8**	0.7
Lease liabilities	15	**2.4**	2.5
Borrowings	22	**–**	1.1
		63.3	57.9
Total liabilities		**105.7**	135.4
Total equity and liabilities		**658.0**	662.7

The accompanying notes form part of these financial statements. The financial statements were approved by the Board of Directors on 30 May 2024 and authorised for issue:

Jamie Warner
Chief Financial Officer
Auto Trader Group plc
Registered number: 09439967
30 May 2024

Consolidated statement of changes in equity

For the year ended 31 March 2024

	Note	Share capital £m	Share premium £m	Retained earnings £m	Own shares held £m	Capital reorganisation reserve £m	Capital redemption reserve £m	Other reserves £m	Total equity £m
Balance at 31 March 2022		**9.5**	**182.6**	**1,332.4**	**(22.4)**	**(1,060.8)**	**1.0**	**30.2**	**472.5**
Profit for the year		–	–	233.9	–	–	–	–	233.9
Other comprehensive income:									
Currency translation differences		–	–	–	–	–	–	(0.3)	(0.3)
Realisation of cumulative currency translation differences		–	–	–	–	–	–	0.4	0.4
Remeasurements of post-employment benefit obligations, net of tax	25	–	–	(0.4)	–	–	–	–	(0.4)
Total comprehensive income, net of tax		–	–	233.5	–	–	–	0.1	233.6
Transactions with owners									
Employee share schemes – value of employee services	30	–	–	44.6	–	–	–	–	44.6
Exercise of employee share schemes		–	–	(3.6)	5.1	–	–	0.4	1.9
Tax impact of employee share schemes		–	–	0.4	–	–	–	–	0.4
Purchase of own shares for treasury		–	–	–	(8.7)	–	–	–	(8.7)
Purchase of own shares for cancellation		(0.2)	–	(139.3)	–	–	0.2	–	(139.3)
Dividends paid		–	–	(77.7)	–	–	–	–	(77.7)
Total transactions with owners, recognised directly in equity		(0.2)	–	(175.6)	(3.6)	–	0.2	0.4	(178.8)
Balance at 31 March 2023		**9.3**	**182.6**	**1,390.3**	**(26.0)**	**(1,060.8)**	**1.2**	**30.7**	**527.3**
Profit for the year		–	–	256.9	–	–	–	–	256.9
Other comprehensive income:									
Remeasurements of post-employment benefit obligations, net of tax	25	–	–	(0.1)	–	–	–	–	(0.1)
Total comprehensive income, net of tax		–	–	256.8	–	–	–	–	256.8
Transactions with owners									
Employee share schemes – value of employee services	30	–	–	17.9	–	–	–	–	17.9
Exercise of employee share schemes		–	–	(4.0)	5.8	–	–	–	1.8
Tax impact of employee share schemes		–	–	(0.3)	–	–	–	–	(0.3)
Purchase of own shares for treasury		–	–	–	(11.1)	–	–	–	(11.1)
Purchase of own shares for cancellation		(0.2)	–	(159.7)	–	–	0.2	–	(159.7)
Issue of ordinary shares		0.1	–	(0.1)	–	–	–	–	–
Dividends paid		–	–	(80.4)	–	–	–	–	(80.4)
Total transactions with owners, recognised directly in equity		(0.1)	–	(226.6)	(5.3)	–	0.2	–	(231.8)
Balance at 31 March 2024		**9.2**	**182.6**	**1,420.5**	**(31.3)**	**(1,060.8)**	**1.4**	**30.7**	**552.3**

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows
For the year ended 31 March 2024

	Note	2024 £m	2023 £m
Cash flows from operating activities			
Cash generated from operations	29	**379.0**	327.4
Income taxes paid		**(91.5)**	(60.5)
Net cash generated from operating activities		**287.5**	266.9
Cash flows from investing activities			
Purchases of intangible assets		**(0.2)**	(1.0)
Purchases of property, plant and equipment		**(3.6)**	(2.4)
Proceeds from sale of property, plant and equipment		**0.2**	1.8
Dividends received from joint ventures	16	**3.9**	2.9
Interest received on cash and cash equivalents		**0.5**	0.3
Payment for acquisition of subsidiary, net of cash acquired	31	**–**	(144.2)
Payment of deferred consideration for acquisition of subsidiary	31	**–**	(8.1)
Payment for acquisition of shares in investment entities		**–**	(1.3)
Proceeds on disposal of shares in investment entities		**1.0**	–
Proceeds on disposal of subsidiary, net of cash disposed	10	**–**	25.6
Net cash used in investing activities		**1.8**	(126.4)
Cash flows from financing activities			
Dividends paid to Company's shareholders	28	**(80.4)**	(77.7)
Drawdown of Syndicated revolving credit facility	22	**57.0**	110.0
Repayment of Syndicated revolving credit facility	22	**(87.0)**	(50.0)
Repayment of other debt	22	**(1.1)**	(4.0)
Proceeds from loan	22	**–**	1.1
Payment of refinancing fees	22	**(0.5)**	(1.4)
Payment of interest on borrowings	33	**(3.4)**	(3.3)
Payment of lease liabilities	15	**(2.7)**	(2.9)
Purchase of own shares for cancellation	26	**(158.9)**	(138.6)
Purchase of own shares for treasury	27	**(11.0)**	(8.7)
Payment of fees on purchase of own shares		**(0.9)**	(0.7)
Contributions to defined benefit pension scheme	25	**(0.1)**	(1.0)
Proceeds from exercise of share-based incentives		**1.8**	2.0
Net cash used in financing activities		**(287.2)**	(175.2)
Net increase/(decrease) in cash and cash equivalents		**2.1**	(34.7)
Cash and cash equivalents at beginning of year	20	**16.6**	51.3
Cash and cash equivalents at end of year	20	**18.7**	16.6

The accompanying notes form part of these financial statements.

104 – 162

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Consolidated financial statements of the Company as at and for the year ended 31 March 2024 comprise the Company and its interest in subsidiaries (together referred to as 'the Group'). The Group's principal business is the operation of the Auto Trader platforms which form the UK's largest automotive marketplace.

The Consolidated financial statements of the Group as at and for the year ended 31 March 2024 are available upon request to the Company Secretary from the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN or are available on the corporate website at plc.autotrader.co.uk.

Basis of preparation

The Consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards.

The Consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, except for equity investments and defined benefit pension scheme assets, which are carried at fair value.

Functional and presentation currency

The Consolidated financial statements are presented in sterling (£), which is the Group's presentation currency, and rounded to the nearest hundred thousand (£0.1m) except when otherwise indicated.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the Consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

When the Group disposes of a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in the income statement.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as: joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50%, the Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Going concern

During the year ended 31 March 2024 the Group has continued to generate significant cash from operations. The Group has an overall positive net asset position and had cash balances of £18.7m at 31 March 2024 (2023: £16.6m). During the year £250.3m was returned to shareholders through share buybacks and dividends (2023: £225.0m).

The Group has access to a Syndicated revolving credit facility (the 'Syndicated RCF'). At 31 March 2024 the Group had £30.0m (2023: £60.0m) drawn of its £200.0m Syndicated RCF. On 2 February 2024, the Group extended the term of its Syndicated RCF for one year and it is therefore now available until February 2029.

Cash flow projections for a period of not less than 12 months from the date of this report have been prepared. Stress case scenarios have been modelled to make the assessment of going concern, taking into account severe but plausible potential impacts of a severe economic downturn, ransomware attack and a new market entrant within the next 12 months. The results of the stress testing demonstrated that due to the Group's significant free cash flow, access to the Syndicated RCF and the Board's ability to adjust the discretionary share buyback programme, the Group would be able to withstand the impact and remain cash generative. Subsequent to the year end, the Group has generated cash flows in line with its forecast and there are no events that have adversely impacted the Group's liquidity.

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

Accounting estimates and judgements

The preparation of financial statements in conformity with UK-adopted international accounting standards requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no accounting estimates or judgements at the financial year end which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Other accounting estimates and judgements include:

Notes to the consolidated financial statements continued

1. GENERAL INFORMATION CONTINUED

Carrying values of goodwill (judgement and estimate)

The Group tests annually whether goodwill held by the Group has suffered any impairment in accordance with the accounting policy stated within note 2. The Group has two cash-generating units, Digital and Autorama. Estimation is required for the assumptions used in the calculation of the recoverable amounts of each cash-generating unit, the most significant assumptions relating to the forecast market share growth of Autorama (note 13).

2. SIGNIFICANT ACCOUNTING POLICIES

Changes in significant accounting policies

New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 April 2023:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)

The adoption of these amendments has had no material effect on the Group's Consolidated financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective

There are a number of amendments to IFRS that have been issued by the IASB that, when endorsed in the UK, will become effective in a subsequent accounting period including:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lack of Exchangeability (Amendments to IAS 21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The Group has evaluated these changes and none are expected to have a material impact on the Consolidated financial statements.

The Group has early adopted the amendments to IAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants, which are required to be effective from 1 January 2024. The amendments do not have any material impact on the Group's financial statements.

Existing significant accounting policies

The following accounting policies applied by the Group have been applied consistently to all periods presented in the Consolidated financial statements.

Revenue

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

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

(i) Trade revenue

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

Retailer revenue

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

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

The Group also generates revenue from retailers for data and valuation services under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers either across the life of the contract where customers are licensed to use the Group's services or at a point in time when a one-off data service is provided. Digital retailing revenue is generated from retailers who pay a percentage of the vehicle list price when a consumer submits a deal. Each deal is a separate performance obligation and control is obtained at a point in time.

Contract modifications occur on a regular basis as customers change their stock levels or add or remove additional advertising products from their contracts. Following a contract modification, the customer is billed in line with the delivery of the remaining performance obligations. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

Home Trader revenue

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

Logistics revenue

Logistics customers pay a monthly subscription fee for access to the Group's AT Moves platform. Control is obtained by customers across the life of the contract as their access is continuous. Contracts for these services are agreed at a customer level and are ongoing subject to a 30-day notice period. Logistics customers have the option to bid on vehicle moves advertised by retailers on the platform. The logistics customer pays a fee if they are successful in obtaining business from retailers through the Group's marketplace. Revenue is recognised at the point in time when the vehicle move has been completed. A receivable is recognised only when the Group's right to consideration is only conditional on the passage of time.

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Data revenue

Data customers pay a subscription fee to access elements of Auto Trader's vehicle database or to access the Fleetware software. Control is transferred to customers across the life of the contract where customers have continuous access to the database or the software.

AutoConvert revenue

AutoConvert customers pay a monthly subscription fee to access the AutoConvert platform. Control is transferred to customers across the life of the contract where customers have continuous access to the platform and revenue is recognised across this period. Ancillary AutoConvert revenues are charged on a per transaction basis and revenue is recognised at the point in time that these services are provided.

(ii) Consumer Services revenue

Consumer Services comprises fees from private sellers for vehicle advertisements on the Group's websites, and third-party partners who provide services to consumers relating to their motoring needs, such as insurance and loan finance. Private customers pay a fee in advance to advertise a vehicle on the Group's platform for a specified period of time. Control is obtained by customers across the life of the contract as their stock is continually listed. Contracts for these services are typically entered into for a period of between two and six weeks and revenue is recognised over this time.

Revenue is also generated from third-party partners who utilise the Group's platforms to advertise their products under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers at a point in time when the service is provided. Revenue is also generated through Instant Offer, providing consumers with a guaranteed price for their vehicle offered by a third-party buyer. The Group's fee is recognised as revenue when the consumer's vehicle is collected by the third-party buyer. Similarly, a small amount of revenue is generated via an agreement with Dealer Auction (our joint venture), when retailers purchase a consumer's vehicle via Dealer Auction's platform. Revenue is recognised when the vehicle is listed as sold.

(iii) Manufacturer and Agency revenue

Revenue is generated from manufacturers and their advertising agencies for placing display advertising for their brand or vehicle on the Group's websites under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers across the life of the contract as their advertising is displayed on the different platforms. Rebates are present in the contractual arrangements with customers and are awarded either in cash or value of services based upon annual spend; an estimate of the annualised spend is made at the reporting date to determine the amount of revenue to be recognised. A small proportion of revenue relates to manufacturers who sell direct to consumers using our new car market extension product. Manufacturers pay a monthly subscription fee to advertise their stock on the Group's platforms. Control is obtained by manufacturers across the life of the contract as their stock is continually listed. Contracts for these services are agreed at a manufacturer or manufacturer group level and are ongoing subject to a 30-day notice period. Revenue is invoiced monthly in arrears.

(iv) Autorama revenue

Autorama revenue comprises consideration received from the sale of new vehicles and accessories as well as commission received for facilitating the lease of new vehicles.

Vehicle & Accessory sales revenue

Vehicle & Accessory sales revenue is generated from new vehicles which are purchased from an original equipment manufacturer ('OEM') or retailer and then sold to a lease funder. Control is obtained by the funder at a point in time when the vehicle is delivered and revenue is only recognised at this point. Additional accessories can be added to vehicles at extra cost upon the request of the funder, and control is once again obtained by the funder at a point in time when the vehicle is delivered. Where the Group obtains control of vehicles or accessories in advance of selling those goods to a funder, including holding inventory risk, then the Group is acting as principal and revenue and cost of sales are reported on a gross basis. Where the Group does not obtain control of vehicles, revenue is recorded as the value of the related commission and recognised as described below.

Commission & Ancillary revenue

Commission & Ancillary revenue is generated from commission received from lease funders for facilitating the lease of new vehicles via advertisement on the Company online marketplaces. Control is obtained by the funder at a point in time when the lease is live and revenue is only recognised at this point. Ancillary Autorama revenues are charged on a per transaction basis and revenue is recognised at the point in time that these services are provided.

Rebates are present in the contractual arrangements with funders and are awarded in cash based upon the quarterly number of vehicles provided. Similarly, rebates are present in the contractual arrangements with OEMs and are awarded in cash based upon the quarterly number of vehicles purchased. Revenue is recognised as volume targets are met.

Employee benefits

The Group operates several pension schemes and all except one are defined contribution schemes. Within the UK all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

a) Defined contribution scheme

The assets of the defined contribution scheme are held separately from those of the Group in independently administered funds. The costs in respect of this Scheme are charged to the income statement as incurred.

b) Defined benefit scheme

The Group operates one defined benefit pension scheme that is closed to new members. The asset or liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the Scheme's assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Any Scheme surplus (to the extent it can be recovered) or deficit is recognised in full on the balance sheet. Contributions paid to the Scheme by the Group have been classified as financing activities in the Consolidated statement of cash flows as there are no remaining active members within the Scheme.

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

c) Share-based payments

Equity-settled awards are valued at the grant date, and the fair value is charged as an expense in the income statement spread over the vesting period. Fair value of the awards is measured using Black-Scholes and Monte Carlo pricing models. The credit side of the entry is recorded in equity. Cash-settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability.

Research and development

Research and development expenditure is charged against profits in the year in which it is incurred, unless it is development that meets the criteria for capitalisation set out in IAS 38 – Intangible Assets.

Operating profit

Operating profit is the profit of the Group (including the Group's share of profit from joint ventures) before finance income, finance costs, profit on disposal of subsidiaries which do not meet the definition of a discontinued operation, and taxation.

Finance income and costs

Finance income is earned on bank deposits and finance costs are incurred on bank borrowings and vehicle stocking loans. Both are recognised in the income statement in the period in which they are incurred.

Taxation

The tax expense for the period comprises current and deferred taxation. Tax is recognised in the income statement, except to the extent that it relates to items recognised in 'other comprehensive income' or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current taxation is provided at amounts expected to be paid (or recovered) calculated using the rates of tax and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts are included in the Consolidated financial statements. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

The Group has determined that the global minimum top-up tax, which is a liability under Pillar Two legislation, is an income tax in the scope of IAS 12. The Group does not expect a liability to Pillar Two top-up tax based on its effective rate of corporation tax paid and because its consolidated revenue is below the minimum threshold of €750m.

Leases

At inception of a contract, the Group assesses whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract the Group recognises a right of use asset and a lease liability at the lease commencement date other than as noted below.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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

Financial instruments

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

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

The Group recognises lifetime expected credit losses ('ECLs') for trade receivables and accrued income. The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for any macro-economic factors. At 31 March 2023, ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. At 31 March 2024, ECLs continue to reflect macro-economic uncertainty around retailer profitability due to persistent high inflation, high interest rates and the upcoming UK general election which could lead to new political policies to which we would need to respond.

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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

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

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. A financial liability is classified as at fair value through profit and loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition and measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities, including trade payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intangible assets

a) Goodwill

Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are charged to the income statement and are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Trademarks, trade names, technology, non-compete agreements, customer relationships, franchise buybacks, brands and databases

Separately acquired trademarks, trade names, technology and customer relationships are recognised at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of between one and 15 years. Trademarks, trade names, technology, non-compete agreements, customer relationships, franchise buybacks, brands and databases acquired in a business combination are recognised at fair value at the acquisition date and subsequently amortised.

c) Software

Acquired computer software controlled by the Group is capitalised at cost, including any costs to bring it into use, and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

d) Software and website development costs and financial systems

Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product or website so that it will be available for use;
- management intends to complete the software product or website and use or sell it;
- there is an ability to use or sell the software product or website;
- it can be demonstrated how the software product or website will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and
- the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product, website or system include employee and contractor costs. Other development expenditures that do not meet these criteria, as well as ongoing maintenance and costs associated with routine upgrades and enhancements, are recognised as an expense as incurred. Development costs for software, websites and systems are carried at cost less accumulated amortisation and are amortised over their useful lives (not exceeding 10 years) at the point at which they come into use.

Outside of acquired software, the Group develops its core infrastructure through small-scale, maintenance-like incremental improvements and as a result, a low proportion of internal expenditure meets the requirements of IAS 38, Intangible Assets. By their innovative nature, there may also be uncertainty over the technical feasibility of new development projects and, if successful, how they may be commercially monetised.

Licence agreements to use cloud software provided as a service are treated as service contracts and expensed in the Group income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets. Implementation costs are expensed unless implementation is a distinct service and gives rise to a separate intangible asset.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises the purchase price of the asset and expenditure directly attributable to the acquisition of the item.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their estimated residual values over the estimated useful lives as follows:

Land, buildings and leasehold improvements:

• Leasehold land and buildings	life of lease
• Leasehold improvements	life of lease
• Plant and equipment	3–10 years

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets will be written down to their recoverable amount if lower than the carrying value, and any impairment is charged to the income statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement within administrative expenses.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro-rata basis.

Business combinations

The Group accounts for business combinations using the acquisition method under IFRS 3 – Business Combinations. See note 1 for further details.

Interests in joint ventures

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Auto Trader Group plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses, movements in other comprehensive income and dividends received.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and short-term deposits held on call with banks.

Inventories

Inventory is measured at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest method. Finance and issue costs associated with the borrowings are charged to the income statement using the effective interest rate method from the date of issue over the estimated life of the borrowings to which the costs relate.

Borrowings are derecognised when the contractual obligation is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Vehicle financing

A vehicle stocking loan is a financing arrangement which is used to purchase new and used vehicles prior to re-sale. This financing arrangement can only be used for this purpose, typically has a maturity of 180 days or less and is repayable on the earliest of the vehicle delivery date or the maturity date. Based on these factors, the Group recognises these arrangements as financial liabilities within trade and other payables as part of its operating cycle.

Provisions

A provision is recognised when a present legal or constructive obligation exists at the balance sheet date as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

Contingent liabilities are not recognised but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's shareholders. Where such shares are subsequently cancelled, the nominal value of the shares repurchased is deducted from share capital and transferred to a capital redemption reserve. Where the Group purchases its own equity share capital to hold in treasury, the consideration paid for the shares is shown as own shares held within equity.

Shares held by Employee Share Option Trust

The Employee Share Option Trust ('ESOT') provides for the issue of shares to Group employees principally under share option schemes. The Group has control of the ESOT and therefore consolidates the ESOT in the Group financial statements. Accordingly, shares in the Company held by the ESOT are included in the balance sheet at cost as a deduction from equity.

104 – 162

2. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Share premium
The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in share premium. Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

Capital reorganisation reserve
The capital reorganisation reserve arose on consolidation as a result of the share-for-share exchange on 24 March 2015. It represents the difference between the nominal value of shares issued by Auto Trader Group plc in this transaction and the share capital and reserves of Auto Trader Holding Limited.

Capital redemption reserve
The capital redemption reserve arises from the purchase and subsequent cancellation of the Group's own equity share capital.

Other reserves
Other reserves include the currency translation reserve on the consolidation of entities whose functional currency is other than sterling, and other amounts which arose on the initial common control transaction that formed the Group.

Earnings per share
The Group presents basic and diluted earnings per share ('EPS') for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders in the case of final dividends, or the date at which they are paid in the case of interim dividends.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operational Leadership Team that makes strategic decisions (note 4).

Foreign currency translation
a) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within administrative expenses.

b) Foreign operations
The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency other than sterling are translated into sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- income and expenses for each income statement are translated at average exchange rates.

These foreign currency differences are recognised in other comprehensive income and the translation reserve within other reserves.

On the disposal of a foreign operation, the cumulative exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Fair value measurement
'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable outputs and minimise the use of unobservable outputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3. RISK AND CAPITAL MANAGEMENT

Overview
In the course of its business the Group is exposed to market risk, credit risk and liquidity risk from its use of financial instruments. This note presents information about the Group's exposure to each of the below risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these Consolidated financial statements.

The Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of Directors.

Market risk
i. Foreign exchange risk
The Group has no significant foreign exchange risk as 100% of the Group's revenue and 98% of costs are sterling-denominated. As the amounts are not significant, no sensitivity analysis has been presented.

During the prior year the Group sold one of its subsidiaries, Webzone Limited, which traded in the Republic of Ireland under the Carzone brand. Following the sale of Webzone Limited, all of the Group's revenue is sterling-denominated.

ii. Interest rate risk
The Group's interest rate risk arises from vehicle stocking loans which have floating rates of interest linked to the Bank of England Base Rate and long-term borrowings under the Syndicated RCF with floating rates of interest linked to SONIA. The Group monitors interest rates on an ongoing basis but does not currently hedge interest rate risk. The variation of 100 basis points in the interest rate of floating rate financial liabilities (with all other variables held constant) will increase or decrease post-tax profit for the year by £0.3m (2023: £0.4m).

3. RISK AND CAPITAL MANAGEMENT CONTINUED

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or banking institution fails to meet its contractual obligations.

i. Trade receivables

Credit risk relating to trade receivables is managed centrally and the credit risk for new Auto Trader customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that Auto Trader's existing customers have an appropriate credit history and a significant number of balances are collected via direct debit. In March, more than 87.4% (2023: 87.4%) of Auto Trader's retailer customers paid via monthly direct debit, minimising the risk of non-payment. Sales to private individuals using Auto Trader are primarily settled in advance using major debit or credit cards which removes the risk in this area.

Autorama's main customers are funders who do not change regularly, so the risk in this area is also minimal.

The Group establishes an expected credit loss that represents its estimate of losses in respect of trade and other receivables. Further details of these are given in note 32.

Overall, the Group considers that it is not exposed to a significant amount of either customer credit or bad debt risk, due to the fragmented nature of the customer base and the robust nature of the used car market.

ii. Cash and cash equivalents

As at 31 March 2024, the Group held cash and cash equivalents of £18.7m (2023: £16.6m). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated between P-1 and P-2 based on Moody's ratings. The Group's treasury policy is to monitor cash, and when applicable deposit balances, on a daily basis and to manage counterparty risk, whilst also ensuring efficient management of the Group's Syndicated RCF.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow forecasting is performed centrally by the Director of Group Finance. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. The Group's revenue model is largely subscription-based, which results in a regular level of cash conversion allowing it to service working capital requirements.

The Group has access to a Syndicated RCF which has total commitments of £200.0m. The £200.0m Syndicated RCF is committed through to maturity in February 2029. The facility allows the Group access to cash at one working day's notice. At 31 March 2024, £30.0m was drawn under the Syndicated RCF (2023: £60.0m).

The Group has access to a vehicle stocking loan, with a limit of £12.0m. This financing arrangement can only be used to fund the purchase of new and used vehicles prior to re-sale and has a maturity of 180 days or less. The loan is repayable on the earliest of the vehicle delivery date or the maturity date. At 31 March 2024, £2.1m was recognised in the Consolidated balance sheet (2023: £3.0m).

Capital management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total bank debt, other loans and lease financing, less cash and cash equivalents as shown in note 20. Total equity is as shown in the Consolidated balance sheet.

The calculation of total capital is shown in the table below:

	2024 £m	2023 £m
Total net debt	**14.0**	52.4
Total equity	**552.3**	527.3
Total capital	**566.3**	579.7

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient cost of capital structure. To maintain or adjust the capital structure, the Group may pay dividends, return capital through share buybacks, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

As at 31 March 2024, the Group had borrowings of £30.0m (2023: £60.0m) through its Syndicated RCF. Interest is payable on this facility at a rate of SONIA plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of Auto Trader Group plc and its subsidiaries, which is calculated and reviewed on a biannual basis. As part of the amendment and extension of its Syndicated RCF in 2023, three sustainability performance targets were incorporated into the agreement. This will be tested for the first time in 2024. The margin shall be increased or decreased between -0.05% and 0.05% based on the number of sustainability performance targets achieved in the reporting period. This will be reviewed annually. The Group remains in compliance with its banking covenants.

4. SEGMENTAL INFORMATION

IFRS 8 – Operating segments requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there are two operating segments (2023: two operating segments), being:

- Auto Trader: includes the results of Auto Trader and AutoConvert (prior year includes Webzone before it was disposed of on 24 October 2022) in respect of online classified advertising of motor vehicles and other related products and services in the digital automotive marketplace including share of profit from the Dealer Auction joint venture.
- Autorama: the results of Autorama in respect of a marketplace for leasing new vehicles and other related products and services.

Management has determined that there are two operating segments in line with the nature in which the Group is managed. The reports reviewed by the Operational Leadership Team ('OLT'), which is the chief operating decision-maker ('CODM') for both segments, split out operating performance by segment. The OLT is made up of the Executive Directors and Key Management and is responsible for the strategic decision-making of the Group. Revenue and cost streams presented for each operating segment are largely independent in the reporting period with certain costs recharged between segments.

4. SEGMENTAL INFORMATION CONTINUED

The OLT primarily uses the measures of revenue and operating profit to assess the performance of each operating segment. Segment revenue comprises revenue from external customers. The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement. Inter-segment revenue and costs are not reported to the OLT. In the year to 31 March 2024, inter-segment revenue earned by Auto Trader from Autorama for vehicles leased via a journey initiated on the Auto Trader platform was not material (2023: £nil).

Analysis of the Group's revenue and results for both reportable segments, with a reconciliation to Group profit before tax, is shown below:

Year to 31 March 2024	Auto Trader segment £m	Autorama segment £m	Group central costs £m	Group £m
Total segment revenue	**529.7**	**41.2**	**–**	**570.9**
People costs	**(81.5)**	**(10.9)**	**(11.1)**	**(103.5)**
Marketing	**(22.3)**	**(4.0)**	**–**	**(26.3)**
Costs of goods sold	**–**	**(28.2)**	**–**	**(28.2)**
Other costs	**(44.2)**	**(4.5)**	**–**	**(48.7)**
Depreciation & amortisation	**(5.9)**	**(2.4)**	**(10.0)**	**(18.3)**
Total segment costs	**(153.9)**	**(50.0)**	**(21.1)**	**(225.0)**
Share of profit from joint ventures	**2.8**	**–**	**–**	**2.8**
Total segment operating profit/(loss)	**378.6**	**(8.8)**	**(21.1)**	**348.7**
Finance costs – net				**(3.5)**
Profit before tax				**345.2**

Group central costs which are not allocated within either of the segment operating profit/(loss) reported to the CODM comprise:

(i) People costs: £10.4m share-based payment expense relating to the Group shares issued as part of the deferred consideration for Autorama (note 31), which was fully settled in the period. A further £0.7m was settled in cash.

(ii) Depreciation & amortisation: £10.0m of amortisation expense relating to the fair value of intangible brand, technology and other assets acquired in the Group's business combination of Autorama.

Year to 31 March 2023	Auto Trader segment £m	Autorama segment £m	Group central costs £m	Group £m
Total segment revenue	473.0	27.2	–	500.2
People costs	(74.0)	(10.5)	(38.8)	(123.3)
Marketing	(22.3)	(4.7)	–	(27.0)
Costs of goods sold	–	(15.7)	–	(15.7)
Other costs	(39.6)	(5.4)	–	(45.0)
Depreciation & amortisation	(6.7)	(2.1)	(5.3)	(14.1)
Total segment costs	(142.6)	(38.4)	(44.1)	(225.1)
Share of profit from joint ventures	2.5	–	–	2.5
Total segment operating profit/(loss)	332.9	(11.2)	(44.1)	277.6
Profit on disposal of subsidiary				19.1
Finance costs – net				(3.1)
Profit before tax				293.6

In the current and prior year, the Group has classified expenditure by nature (2023: by nature).

5. REVENUE

The Group's operations and main revenue streams are those described in these annual financial statements. The Group's revenue is derived from contracts with customers.

Other than disclosed in note 10, all revenues were earned from activities and customers in the United Kingdom.

In the following table, the Group's revenue is detailed by customer type. This level of detail is consistent with that used by management to assist in the analysis of the Group's revenue-generating trends.

Revenue	2024 £m	2023 £m
Retailer	**450.0**	406.8
Home Trader	**13.4**	10.1
Other	**12.3**	10.5
Trade	**475.7**	427.4
Consumer Services	**39.6**	34.5
Manufacturer & Agency	**14.4**	11.1
Autorama	**41.2**	27.2
Total revenue	**570.9**	500.2

Revenue is largely recognised over time, other than Autorama revenue which is recognised at a point in time when related sales commission or fees are earned. The Group has no major customers to disclose in either the current or prior year.

5. REVENUE CONTINUED

Contract balances

The following table provides information about receivables and contract assets and liabilities from contracts with customers.

	2024 £m	2023 £m
Receivables, which are included in trade and other receivables	**36.0**	31.5
Accrued income	**44.5**	40.2
Deferred income	**(15.1)**	(14.0)

Accrued income relates to the Group's unconditional rights to consideration for services provided but not invoiced at the reporting date. Accrued income is transferred to trade receivables when invoiced.

Deferred income relates to advanced consideration received for which revenue is recognised as or when services are provided. £7.3m (2023: £5.7m) of the deferred income balance is classified as a current liability within trade and other payables (note 21). Included within deferred income is £8.3m (2023: £8.9m) relating to consideration received from Dealer Auction Limited (joint venture) for the provision of data services to Dealer Auction (note 16). Revenue relating to this service is recognised on a straight-line basis over a period of 20 years to 31 December 2038; given this time period the liability has been split between current and non-current liabilities. Revenue of £0.6m was recognised in the year (2023: £0.6m).

6. OPERATING PROFIT

Operating profit is after (charging)/crediting the following:

	Note	2024 £m	2023 £m
Staff costs	7	**(92.2)**	(84.1)
Contractor costs		**(0.2)**	(0.4)
Depreciation of property, plant and equipment	14	**(4.8)**	(4.9)
Amortisation of intangible assets	13	**(13.5)**	(9.2)
(Loss)/profit on sale of property, plant and equipment		**(0.3)**	0.7

Services provided by the Company's auditor

During the year, the Group (including overseas subsidiaries) obtained the following services from the operating company's auditor:

	2024 £m	2023 £m
Fees payable for the audit of the Company and Consolidated financial statements	**0.2**	0.2
Fees payable for other services		
The audit of the subsidiary undertakings pursuant to legislation	**0.3**	0.3
Total	**0.5**	0.5

Fees payable for audit-related assurance services in the year were £52,000 (2023: £48,000) for the half-year review of the condensed financial statements. Fees payable for other non-audit services in the year were £15,000 (2023: £nil) for limited assurance over certain information included within or referenced from the Annual Report.

7. EMPLOYEE NUMBERS AND COSTS

The average monthly number of employees (including Executive Directors and contractors) employed by the Group was as follows:

	2024 Number	2023 Number
Customer operations	**646**	566
Product and technology	**394**	403
Corporate	**193**	191
Total	**1,233**	1,160

The aggregate payroll costs of these persons were as follows:

	Note	2024 £m	2023 £m
Wages and salaries		**72.6**	66.7
Social security costs		**7.5**	7.3
Defined contribution pension costs	25	**4.1**	3.5
		84.2	77.5
Share-based payments and associated NI	30	**8.2**	6.6
Total		**92.4**	84.1

Wages and salaries include £28.1m (2023: £27.7m) relating to the product and technology teams; these teams spend a significant proportion of their time on innovation of our product proposition and incremental enhancements to the Group's platforms.

In addition to the share-based payments disclosed above, a share-based payment charge of £10.4m (2023: £38.8m) has been recorded in the income statement for the year, relating to deferred consideration for the acquisition of Autorama, which was fully settled in the period (note 31).

8. DIRECTORS AND KEY MANAGEMENT REMUNERATION

The remuneration of Directors is disclosed in the Directors' remuneration report on pages 81 to 99:

Key Management compensation

During the year to 31 March 2024, Key Management comprised the members of the OLT (who are defined in note 4) and the Non-Executive Directors (2023: OLT and the Non-Executive Directors). The remuneration of all Key Management (including all Directors) was as follows:

	2024 £m	2023 £m
Short-term employee benefits	**4.6**	4.2
Share-based payments	**2.1**	2.1
Pension contributions	**0.2**	0.2
Total excluding NI	**6.9**	6.5
Employer NI	**0.8**	0.8
Total	**7.7**	7.3

9. NET FINANCE COSTS

	2024 £m	2023 £m
On bank loans and overdrafts	**3.0**	2.5
Amortisation of debt issue costs	**0.6**	0.5
Interest unwind on lease liabilities	**0.1**	0.2
Interest on vehicle stocking loan	**0.3**	0.1
Interest receivable on cash and cash equivalents	**(0.5)**	(0.2)
Total	**3.5**	3.1

10. PRIOR PERIOD DISPOSAL OF A SUBSIDIARY

Sale of Webzone Limited

In the prior period, the Group announced the sale of one of its subsidiaries, Webzone Limited, which trades in the Republic of Ireland under the Carzone brand. The business was sold to Mediahuis Ireland for a consideration of €30.0m on 22 October 2022.

The disposal of Webzone Limited did not represent a discontinued operation under IFRS 5 as the entity was neither a separate major line of business or a material geographical area of operation.

A profit on disposal was recognised in the Group's Consolidated income statement for the year ended 31 March 2023:

	24 October 2022 £m
Goodwill	5.7
Property, plant and equipment	0.6
Deferred taxation assets	0.1
Trade and other receivables	0.9
Cash and cash equivalents	0.8
Lease liabilities	(0.7)
Trade and other payables	(0.5)
Net identifiable assets/(liabilities) disposed of	6.9
Cash consideration received	26.4
Net identifiable assets disposed of	(6.9)
Realisation of cumulative currency translation difference	(0.4)
Gain on disposal of subsidiary	19.1

11. TAXATION

	2024 £m	2023 £m
Current taxation		
UK corporation taxation	**91.7**	61.2
Foreign taxation	**–**	0.1
Adjustments in respect of prior years	**–**	(0.2)
Total current taxation	**91.7**	61.1
Deferred taxation		
Origination and reversal of temporary differences	**(3.0)**	(1.3)
Adjustments in respect of prior years	**(0.4)**	(0.1)
Total deferred taxation	**(3.4)**	(1.4)
Total taxation charge	**88.3**	59.7

The taxation charge for the year is higher than (2023: higher than) the effective rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:

	2024 £m	2023 £m
Profit before taxation	**345.2**	293.6
Tax on profit at the standard UK corporation tax rate of 25% (2023: 19%)	**86.3**	55.8
Expenses not deductible for taxation purposes	**3.5**	8.5
Income not taxable – gain on disposal of subsidiary	**–**	(3.6)
Share of joint venture taxation	**(0.7)**	(0.5)
Adjustments in respect of foreign taxation rates	**–**	(0.1)
Adjustments in respect of losses not previously recognised	**(0.4)**	–
Adjustments in respect of OCI group relief	**–**	(0.1)
Adjustments in respect of prior years	**(0.4)**	(0.3)
Total taxation charge	**88.3**	59.7

Expenses non-deductible for taxation purposes in the current period principally includes the share-based payment expense relating to the deferred consideration arising on acquisition of Autorama (note 4).

Adjustments in respect of losses not previously recognised in the current year relates to brought forward tax losses within the Group which were previously not recognised. Losses have been utilised in the period and a deferred tax asset has been recognised in respect of the remaining balance on the basis that it is deemed probable that future taxable profit will be available to utilise these against.

Taxation on items taken directly to equity was a debit of £0.3m (2023: credit of £0.4m) relating to tax on share-based payments.

Taxation recorded in equity within the Consolidated statement of comprehensive income was a release of £0.1m (2023: release of £0.4m) relating to post-employment benefit obligations.

11. TAXATION CONTINUED

The taxation charge for the year is based on the standard rate of UK corporation tax for the period of 25% (2023: 19%).

Deferred income taxes have been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised.

The UK Government continues to work towards implementing a global two-pillar tax solution addressing the tax challenges arising from the digitalisation of the economy.

Pillar Two came into effect for accounting periods beginning on or after 31 December 2023, but the timeline for finalising the multilateral convention that would implement Pillar One is still not certain. The implementation of Pillar One would see UK digital services tax ('DST') repealed and the Group liability would fall away. An outcome statement was published in July 2023 which gave an expectation that Pillar One would come into force during calendar year 2025. We are awaiting further updates.

Our in-scope revenue did not exceed the threshold for UK DST in financial year 2024, but we expect that the Group will exceed that threshold and pay DST in financial year 2025. This would result in an additional operating expense equivalent to c.2% of in-scope revenue, which will be deductible against corporation tax payable.

The UK DST is calculated using a gross measure of revenue and therefore does not meet the definition of an income tax under IAS 12 – Income taxes. Any amounts payable will therefore be accounted for as a pre-tax operating expense which, on the basis it is incurred wholly and exclusively for the purposes of the company's trade, will be included as a deductible expense in the calculation of corporation tax payable.

12. EARNINGS PER SHARE

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

	Weighted average number of ordinary shares	Total earnings £m	Pence per share
Year ended 31 March 2024			
Basic EPS	**912,582,172**	**256.9**	**28.15**
Diluted EPS	**915,302,568**	**256.9**	**28.07**
Year ended 31 March 2023			
Basic EPS	935,138,578	233.9	25.01
Diluted EPS	944,144,242	233.9	24.77

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

	2024	2023
Issued ordinary shares at 1 April	**923,074,657**	946,892,976
Weighted effect of ordinary shares purchased for cancellation	**(11,835,430)**	(7,112,698)
Weighted effect of ordinary shares held in treasury	**(4,417,849)**	(4,304,401)
Weighted effect of shares held in the ESOT	**(330,294)**	(348,989)
Weighted effect of ordinary shares issued for share-based payments	**6,091,088**	11,690
Weighted average number of shares for basic EPS	**912,582,172**	935,138,578
Dilutive impact of share options outstanding	**2,720,396**	9,005,664
Weighted average number of shares for diluted EPS	**915,302,568**	944,144,242

For diluted earnings per share, the weighted average number of shares for basic EPS is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees. Options are dilutive where the exercise price together with the future IFRS 2 charge is less than the average market price of the ordinary shares during the year. Options under the Performance Share Plan, the Single Incentive Plan Award for the Operational Leadership Team and certain key employees, the Single Incentive Plan Award for all employees, the Deferred Annual Bonus Plan and the Share Incentive Plan are contingently issuable shares and are therefore only included within the calculation of diluted EPS if the performance conditions are satisfied. Dilutive share options outstanding at 31 March 2023 included shares to be issued for the Autorama deferred consideration, which were issued in June 2023.

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

13. INTANGIBLE ASSETS

	Goodwill £m	Software and website development costs £m	Financial systems £m	Brand £m	Other £m	Total £m
Cost						
At 31 March 2022	457.9	14.4	13.1	1.2	25.3	**511.9**
Acquired through business combinations	92.5	13.7	–	47.6	5.6	**159.4**
Additions	–	1.0	–	–	–	**1.0**
Disposals	(5.7)	(1.8)	–	(0.6)	(1.2)	**(9.3)**
Exchange differences	(0.1)	–	–	–	–	**(0.1)**
At 31 March 2023	544.6	27.3	13.1	48.2	29.7	**662.9**
Additions	–	0.2	–	–	–	**0.2**
Disposals	–	(3.0)	–	–	–	**(3.0)**
At 31 March 2024	**544.6**	**24.5**	**13.1**	**48.2**	**29.7**	**660.1**
Accumulated amortisation and impairments						
At 31 March 2022	117.0	9.2	13.1	0.7	16.3	**156.3**
Amortisation charge	–	2.5	–	4.2	2.5	**9.2**
Disposals	–	(1.8)	–	(0.6)	(1.2)	**(3.6)**
At 31 March 2023	117.0	9.9	13.1	4.3	17.6	**161.9**
Amortisation charge	–	3.0	–	7.9	2.6	**13.5**
Disposals	–	(3.0)	–	–	–	**(3.0)**
At 31 March 2024	**117.0**	**9.9**	**13.1**	**12.2**	**20.2**	**172.4**
Net book value at 31 March 2024	**427.6**	**14.6**	**–**	**36.0**	**9.5**	**487.7**
Net book value at 31 March 2023	**427.6**	**17.4**	**–**	**43.9**	**12.1**	**501.0**
Net book value at 31 March 2022	**340.9**	**5.2**	**–**	**0.5**	**9.0**	**355.6**

Other intangibles include customer relationships, technology, trade names, trademarks and non-compete agreements. Intangible assets which have a finite useful life are carried at cost less accumulated amortisation. Amortisation of these intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (principally between 3 to 15 years). The longest estimated useful life remaining at 31 March 2024 is 11 years (31 March 2023: 12 years).

For the year to 31 March 2024, the amortisation charge of £13.5m (2023: £9.2m) has been charged to operating costs in the Consolidated income statement. As the integration of Autorama, our new car leasing proposition, has accelerated at a faster pace than anticipated at acquisition, the useful economic life of the 'Vanarama' brand has been reduced from ten years to five years from the date of acquisition, effective from 1 October 2023.

At 31 March 2024, there were no software and website development costs representing assets under construction (2023: £nil).

In accordance with UK-adopted international accounting standards, goodwill is not amortised, but instead is tested annually for impairment, or more frequently if there are indicators of impairment. Goodwill is carried at cost less accumulated impairment losses.

13. INTANGIBLE ASSETS CONTINUED

Impairment test for goodwill

Goodwill is allocated to the appropriate cash-generating unit ('CGU') based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill. There are two CGUs that exist in the Group, being the Digital CGU and the Autorama CGU.

The carrying value of the CGUs is principally the sum of goodwill, property, plant and equipment (including lease assets), intangibles and lease liabilities, and related deferred tax, as follows:

	2024 £m	2023 £m
Digital	**352.3**	351.1
Autorama	**144.0**	152.8

Digital

The recoverable amount of the Digital CGU is determined from value-in-use calculations that use discounted cash flow projections from the latest business plan. The carrying value is forecast to be recovered based on less than two years of forecasted cash flows from this mature operating business.

Income and costs within the budget are derived on a detailed 'bottom up' basis – all income streams and cost lines are considered and appropriate growth, or decline, rates are assumed. Income and cost growth forecasts are risk adjusted to reflect specific risks facing the CGU and take into account the market in which it operates. Assumptions, which are not sensitive to change, include revenue growth rates, associated levels of marketing support and directly associated overheads. All assumptions are based on past performance and management's expectation of market development. Cash flows beyond the forecast period of five years (2023: five years) are extrapolated using the estimated growth rate stated into perpetuity; a rate of 2.5% (2023: 2.0%) has been used. This is lower than the current rate of inflation in the UK but takes account of longer-term considerations.

The pre-tax discount rate used within the recoverable amount calculation is based upon the weighted average cost of capital. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity. Other than as included in the financial budget, it is assumed that there are no material adverse changes in legislation that would affect the forecast cash flows.

The key assumptions used for the value-in-use calculation are as follows:

	2024	2023
Terminal value growth rate	**2.5%**	2.0%
Discount rate (pre-tax)	**12.5%**	12.8%

The recoverable amount of goodwill shows significant headroom compared with its carrying value. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections. There are no changes to the key assumptions of growth rate or discount rate that are considered by the Directors to be reasonably possible, which give rise to an impairment of goodwill relating to the Digital CGU.

Having completed the 2024 impairment review, no impairment has been recognised in relation to the Digital CGU (2023: no impairment).

Autorama

The recoverable amount of the Autorama CGU is based on a value-in-use methodology following the integration of the business in the current year. In the prior year, the recoverable amount was assessed and disclosed using fair value less cost to sell due to the proximity of the acquisition and the pre-integration phase of the business as at 31 March 2023.

Goodwill amounting to £92.5m in the Autorama CGU arose on the acquisition of Autorama UK Limited in June 2022. The acquisition was undertaken to enable Auto Trader to establish itself as a leading marketplace for leasing new cars which, over time, is set to benefit from: the growth of electric cars, new manufacturers entering the UK market and a shift towards new digital distribution models. Leasing provides consumers a cost-effective way to access a new car with a model that is consistent with any future move towards usership rather than ownership. These factors are expected to result in an opportunity for consolidation in the leasing market.

Value-in-use reflects the present value of the future cash flows the Group expects to be derived from the cash-generating unit.

The key assumptions used in the estimation of the CGU's recoverable amount are as follows:

	2024
Forecast period	**6 years**
Compound annual growth rate for revenue (from lease commissions and ancillary sales)	**32%**
Terminal value growth rate	**2.5%**
Discount rate (pre-tax)	**12.8%**

A six-year forecast period is consistent with the period of regulatory and commercial change expected in the new vehicle market described above. The forecast in year six only includes growth in respect of the market rather than growth in the Group's market share.

13. INTANGIBLE ASSETS CONTINUED

Assessment of the CGU's value-in-use reflects long-term assumptions around changing distribution models for new car sales, including new electric vehicles, and an increased proportion of vehicles being leased. Management have used historic market data published by The Society of Motor Manufacturers & Traders ('SMMT') and British Vehicle Rental & Leasing Association ('BVRLA') to inform their estimate of the number of new vehicles to be sold each year, the proportion of new vehicles which are expected to be leased and the number of leases forecast to be transacted through brokers. The forecasts in any year do not assume a larger new car or van registration market than in 2019, before the disruption to supply that commenced during the COVID-19 pandemic.

The key driver of the forecast is the number of new vehicles transacted by the Group onto lease plans, with revenues, including ancillary sales, consequent on each vehicle lease transaction completed. Growth, particularly for cars, is dependent upon a significant increase in the Group's market share, driven by a consolidation of the broker market. This is principally expected to be achieved by further developing the capability for lease transactions to originate on the established Auto Trader marketplace, under the Auto Trader brand, as well as Vanarama. Growth assumptions are lower for the van leasing business which has an established market share.

In the year to 31 March 2024, Autorama has delivered 7,847 vehicles (2023: 6,895 vehicles). The personal leasing market has been constrained by tight supply in the current and prior year, but supply is expected to improve. In response, in the current year, the Group has accelerated integration of Autorama onto Auto Trader and focused on realising post-acquisition cost synergies in advance of market growth.

The risk arising from growth assumptions for new vehicles transacted in this period not being achieved is reflected in the base forecast cash flows rather than the pre-tax discount rate applied. The pre-tax discount rate disclosed has been derived using a weighted average cost of capital and using the Capital Asset Pricing Model, reflecting UK-based assumptions for the risk-free rate.

The sensitivity of the impairment calculation as at 31 March 2024 is reduced due to the accounting requirement to expense the £49.9m share-based payment charge relating to deferred consideration (note 31). All of this charge has been expensed as at 31 March 2024, together with further cumulative £17.7m of acquired intangible amortisation. However, the headroom is dependent on achieving the planned volume growth over the forecast period.

No impairment charge, albeit with limited headroom, would arise under the following sensitivity scenarios:

- The forecast period is restricted to five years;
- A 10% reduction in new vehicles delivered in year six as this is the financial period in which revenue has the greatest impact on the estimation of recoverable amount;
- Delay in timing: Forecast cash flows are deferred by one year from financial year 2025 to reflect the risk of possible factors such as, a slower transition to electric vehicles and delays in new car and van supply;
- The discount rate is increased by 1%; and
- The long-term growth rate is reduced by 1%.

14. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Cost				
At 31 March 2022	23.1	13.9	1.6	**38.6**
Acquired through business combinations	4.0	0.3	1.0	**5.3**
Additions	2.2	2.0	0.3	**4.5**
Disposals	(7.6)	(3.0)	(0.9)	**(11.5)**
At 31 March 2023	21.7	13.2	2.0	**36.9**
Additions	2.8	1.4	0.2	**4.4**
Disposals	(1.5)	(4.1)	(0.6)	**(6.2)**
At 31 March 2024	**23.0**	**10.5**	**1.6**	**35.1**
Accumulated depreciation				
At 31 March 2022	11.5	11.1	1.3	**23.9**
Charge for the year	3.3	1.1	0.5	**4.9**
Disposals	(4.4)	(2.8)	(0.6)	**(7.8)**
At 31 March 2023	10.4	9.4	1.2	**21.0**
Charge for the year	2.9	1.5	0.4	**4.8**
Disposals	(1.1)	(4.1)	(0.4)	**(5.6)**
At 31 March 2024	**12.2**	**6.8**	**1.2**	**20.2**
Net book value at 31 March 2024	**10.8**	**3.7**	**0.4**	**14.9**
Net book value at 31 March 2023	**11.3**	**3.8**	**0.8**	**15.9**
Net book value at 31 March 2022	**11.6**	**2.8**	**0.3**	**14.7**

Included within property, plant and equipment are £5.0m (2023: £6.5m) of assets recognised as leases under IFRS 16. Further details of these leases are disclosed in note 15. The depreciation expense of £4.8m for the year to 31 March 2024 (2023: £4.9m) has been recorded in operating costs in the Consolidated income statement. During the year, £5.3m (2023: £2.6m) worth of property, plant and equipment with £nil net book value was disposed of.

15. LEASES

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

	2024 £m	2023 £m
Net book value of property, plant and equipment owned	**9.9**	9.4
Net book value of right of use assets	**5.0**	6.5
	14.9	15.9

Net book value of right of use assets	Land, buildings and leasehold improvements £m	Office equipment £m	Motor vehicles £m	Total £m
Balance at 31 March 2022	7.8	0.1	0.4	8.3
Acquired through business combination	0.1	–	0.3	0.4
Additions	1.5	0.1	0.3	1.9
Disposals	(1.4)	–	(0.1)	(1.5)
Depreciation charge	(2.2)	–	(0.4)	(2.6)
Balance at 31 March 2023	5.8	0.2	0.5	6.5
Additions	0.5	0.1	0.2	0.8
Disposals	(0.1)	–	–	(0.1)
Depreciation charge	(1.8)	(0.1)	(0.3)	(2.2)
At 31 March 2024	**4.4**	**0.2**	**0.4**	**5.0**

Lease liabilities in the balance sheet at 31 March	2024 £m	2023 £m
Current	**2.4**	2.5
Non-current	**2.4**	4.6
Total	**4.8**	7.1

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented within note 32. The term recognised for certain leases has assumed lease break options are exercised. Certain lease rentals are subject to periodic market rental reviews.

During the year, the Group reassessed its dilapidations provision for its leased properties which resulted in a £0.4m increase in the provision, and corresponding increase in the right of use asset.

Amounts charged in the income statement	2024 £m	2023 £m
Depreciation charge of right of use assets	**2.2**	2.6
Interest on lease liabilities	**0.1**	0.2
Gain on disposal of right of use assets	**–**	(0.1)
Total amounts charged in the income statement	**2.3**	2.7

Cash outflow	2024 £m	2023 £m
Total cash outflow for leases	**2.7**	2.9

16. NET INVESTMENTS IN JOINT VENTURES

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

The Group owns 49% of the ordinary share capital of Dealer Auction Limited (previously Dealer Auction (Holdings) Limited). The basis of the Group's joint control is through a shareholder agreement and an assessment of the substantive rights of each shareholder, including operational barriers or incentives that would prevent or deter rights being exercised.

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

	Equity investments in joint ventures £m	Share of post acquisition net assets £m	Net investments in joint ventures £m
Carrying value			
As at 31 March 2022	40.3	9.4	49.7
Share of result for the year taken to the income statement	–	2.5	2.5
Dividends received in the year	(2.9)	–	(2.9)
As at 31 March 2023	37.4	11.9	49.3
Share of result for the year taken to the income statement	–	2.8	2.8
Dividends received in the year	(3.9)	–	(3.9)
As at 31 March 2024	**33.5**	**14.7**	**48.2**

16. NET INVESTMENTS IN JOINT VENTURES CONTINUED

Set out below is the summarised financial information for the joint venture, adjusted for differences in accounting policies between the Group and the joint venture. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture.

	2024 £m	2023 £m
Non-current assets	**94.5**	95.6
Current assets		
Cash and cash equivalents	**6.8**	6.4
Other current assets	**2.1**	1.3
Total assets	**103.4**	103.3
Liabilities		
Current liabilities	**4.4**	2.0
Total liabilities	**4.4**	2.0
Net assets	**99.0**	101.3
Group's share of net assets	**48.2**	49.3

	2024 £m	2023 £m
Revenues	**13.2**	10.5
Profit for the year	**5.7**	5.2
Total comprehensive income	**5.7**	5.2
Group's share of comprehensive income	**2.8**	2.5
Dividends received by the Group	**3.9**	2.9

Non-current assets principally comprise goodwill and other intangible assets. The carrying value is assessed annually using a methodology consistent with the Auto Trader cash-generating unit disclosed in note 13.

A list of the investments in joint ventures, including the name, country of incorporation and proportion of ownership interest, is given in note 35.

17. OTHER INVESTMENTS

Shares in other undertakings

	2024 £m	2023 £m
Investment in iAUTOS Company Limited	**–**	–
Investment in protected insurance cell (Advent Insurance PCC Limited)	**–**	1.1
Investment in protected insurance cell (Atlas Insurance PCC Limited)	**1.3**	1.2
Total comprehensive income	**1.3**	2.3

The Group designated the investment in iAUTOS Company Limited as an equity security at FVOCI as the Group intends to hold the shares for long-term purposes. iAUTOS Company Limited is an intermediate holding company through which trading companies incorporated in the People's Republic of China are held. The fair value of the investment has been valued at £nil since 2014 as the Chinese trading companies are marginally loss-making with forecast future cash outflows.

As at 31 March 2023, the Group's wholly owned subsidiary, Autorama Holding (Malta) Limited, had an interest in two protected insurance cells. During the year, the Group exited the legacy cell with Advent Insurance PCC Limited following the completion of the portfolio transfer to the new cell. It has designated the investment in the new protected insurance cell as an equity security at FVOCI as the Group intends to hold the investment for long-term purposes.

The protected insurance cell's activity was the writing of insurance business relating to Guaranteed Asset Protection insurance and business equipment in transit. The writing of new insurance business ceased during the current year, therefore the cell will wind up once all existing policies terminate. The interest in the protected insurance cell is not consolidated in these financial statements as a silo, as the cell company has retained residual obligations in respect of the cell's liabilities. Autorama UK Limited is listed as a guarantor to an agreement between the cell company and Autorama Holding (Malta) Limited. No liability has been recognised for this guarantee by the Group under IFRS 17 – Insurance Contracts on the basis that its fair value is not material, reflecting the size and activity of the protected insurance cell.

18. TRADE AND OTHER RECEIVABLES

	2024 £m	2023 £m
Trade receivables (invoiced)	**32.7**	28.5
Net accrued income	**42.8**	38.7
Trade receivables (total)	**75.5**	67.2
Prepayments	**6.8**	5.4
Other receivables	**1.0**	0.3
Total	**83.3**	72.9

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional and has been invoiced at the reporting date. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Included within trade receivables (invoiced) is a provision for the impairment of financial assets of £3.3m (2023: £3.0m).

18. TRADE AND OTHER RECEIVABLES CONTINUED

Accrued income relates to the Group's rights to consideration for services provided but not invoiced at the reporting date. Accrued income is transferred to receivables when invoiced. Included within net accrued income is provision for the impairment of financial assets of £1.7m (2023: £1.5m).

Exposure to credit risk and expected credit losses relating to trade and other receivables are disclosed in note 32.

19. INVENTORIES

In Autorama, the Group temporarily takes a small proportion of new vehicle deliveries on balance sheet as principal, which are held within inventory.

	2024 £m	2023 £m
Finished goods	2.6	3.6
Inventories	**2.6**	3.6

20. CASH AND CASH EQUIVALENTS

Cash at bank and in hand is denominated in sterling:

	2024 £m	2023 £m
Cash at bank and in hand	18.7	16.6
Cash and cash equivalents	**18.7**	16.6

Cash balances with an original maturity of less than three months were held in current accounts during the year and attracted interest at a weighted average rate of 2.4% (2023: 0.7%).

21. TRADE AND OTHER PAYABLES

	2024 £m	2023 £m
Trade payables	3.9	8.0
Accruals	17.7	15.8
Other taxes and social security	25.2	16.9
Deferred income	7.3	5.7
Vehicle stocking loan	2.1	3.0
Other payables	3.7	3.9
Accrued interest payable	0.2	0.3
Total	**60.1**	53.6

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

22. BORROWINGS

Non-current	2024 £m	2023 £m
Syndicated RCF gross of unamortised debt issue costs	30.0	60.0
Unamortised debt issue costs on Syndicated RCF	(2.3)	(2.5)
Total	**27.7**	57.5

Current	2024 £m	2023 £m
Loan from other investment	–	1.1
Total	–	1.1
Total borrowings	**27.7**	58.6

Unamortised debt issue costs on the Syndicated RCF decreased to £2.3m in the year (2023: £2.5m).

Borrowings are repayable as follows:

	2024 £m	2023 £m
Less than one year	–	1.1
Two to five years	30.0	60.0
Total	**30.0**	61.1

The carrying amounts of borrowings approximates to their fair values.

Syndicated revolving credit facility ('Syndicated RCF')

The Group has access to an unsecured Syndicated revolving credit facility (the 'Syndicated RCF'). Associated debt transaction costs total £6.2m, with £3.3m being incurred at initiation and £2.9m of additional costs associated with extension requests.

In the prior year, with effect from 1 February 2023, the Group entered into an Amendment and Restatement Agreement to extend the term of the facility for five years from the date of signing and to reduce the capacity of the facility to £200.0m. During the year, on 2 February 2024, the Group extended the term of its Syndicated RCF by one year. The facility has been extended to February 2029 and still has an additional one year extension option with no tranche terminations. There is no change to the interest rate payable and there is no requirement to settle all or part of the debt earlier than the termination date stated. The associated debt transaction costs of the extension were £0.3m, which were paid in the period to 31 March 2024. The remaining £0.2m debt transaction costs relating to the prior year Amendment and Restatement were also paid in the period to 31 March 2024.

Individual tranches are drawn down, in sterling, for periods of up to six months at the compounded reference rate (being the aggregate of SONIA for that interest period) plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of the Group. As part of the Amendment and Restatement Agreement of the Syndicated RCF in 2023, three sustainability performance targets were incorporated into the agreement. The margin shall be increased or decreased between -0.05% and 0.05% based on the number of sustainability performance targets achieved in the reporting period. A commitment fee of 35% of the margin applicable to the Syndicated RCF is payable quarterly in arrears on unutilised amounts of the total facility.

104 – 162

22. BORROWINGS CONTINUED

The Syndicated RCF has financial covenants linked to interest cover and the consolidated debt cover of the Group:

- Net bank debt to EBITDA must not exceed 3.5:1.
- EBITDA to net interest payable must not be less than 3.0:1.

EBITDA is defined as earnings before interest, taxation, depreciation and amortisation, share-based payments and associated NI, share of profit from joint ventures and exceptional items.

All financial covenants of the facility have been complied with through the period.

Loan from other investments

In the prior period, the Group's wholly owned subsidiary, Autorama Holding (Malta) Limited, elected to transfer the insurance portfolio held in a protected insurance cell with Advent Insurance PCC Limited to Atlas Insurance PCC Limited. As part of this process, Advent Insurance PCC Limited issued a loan to Autorama Holding (Malta) Limited to fund the investment in the new protected insurance cell until the portfolio transfer was complete. This process was completed during the current period and the loan was repaid. As at 31 March 2024, £nil was recognised on the Consolidated balance sheet (2023: £1.1m).

Exposure to interest rate changes

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

	2024 £m	2023 £m
One month or less	**30.0**	60.0
Total	**30.0**	60.0

23. PROVISIONS

	Dilapidations provision £m	Holiday pay provision £m	Total £m
At 31 March 2023	1.3	0.7	2.0
Charged to the income statement	–	0.8	0.8
Utilised in the year	–	(0.7)	(0.7)
Recognised under IFRS 16	0.4	–	0.4
Released in the year	(0.1)	–	(0.1)
At 31 March 2024	**1.6**	**0.8**	**2.4**

	2024 £m	2023 £m
Current	**0.8**	0.7
Non-current	**1.6**	1.3
Total	**2.4**	2.0

During the year, the Group reassessed its dilapidations provision for its leased properties which resulted in a £0.4m increase in the provision, and corresponding increase in the right of use lease asset.

24. DEFERRED TAXATION

A net deferred tax liability of £2.9m has been recognised in the balance sheet at 31 March 2024 (2023: deferred tax liability of £5.8m). The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred taxation assets	Share-based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2022	2.8	2.8	0.8	**6.4**
(Debited)/credited to the income statement	1.1	(0.9)	(0.5)	**(0.3)**
Debited directly to equity	(0.2)	–	–	**(0.2)**
Acquired through business combinations	–	–	6.8	**6.8**
At 31 March 2023	3.7	1.9	7.1	**12.7**
(Debited)/credited to the income statement	1.1	(0.8)	(0.3)	–
Debited directly to equity	(0.5)	–	–	**(0.5)**
At 31 March 2024	**4.3**	**1.1**	**6.8**	**12.2**

Deferred taxation liabilities	Acquired intangible assets £m	Other temporary differences £m	Total £m
At 31 March 2022	–	5.0	**5.0**
Credited to the income statement	(1.2)	(0.5)	**(1.7)**
Debited to the statement of comprehensive income	–	(1.1)	**(1.1)**
Acquired through business combinations	16.3	–	**16.3**
At 31 March 2023	15.1	3.4	**18.5**
Credited to the income statement	(3.4)	–	**(3.4)**
At 31 March 2024	**11.7**	**3.4**	**15.1**

Net deferred tax liability at 31 March 2023	5.8
Net deferred tax liability at 31 March 2024	**2.9**

The Group has estimated that £2.5m (2023: £1.5m) of the Group's net deferred income tax liability will be realised in the next 12 months. This is management's current best estimate and may not reflect the actual outcome in the next 12 months.

In the prior period, deferred tax assets acquired through business combinations totalled £6.8m, which included £7.7m relating to tax losses offset by a £0.9m deferred tax liability linked to a fair value adjustment on freehold property. This was recognised on the basis that there are sufficient taxable temporary liability differences at the balance sheet date arising from acquired intangibles which are expected to reverse over the same time period that losses are expected to be used.

25. RETIREMENT BENEFIT OBLIGATIONS

(i) Defined contribution scheme

The Group operates a number of defined contribution schemes. In the year to 31 March 2024, the pension contributions to the Group's defined contribution schemes amounted to £4.1m (2023: £3.5m). At 31 March 2024, there were £0.7m (31 March 2023: £0.6m) of pension contributions outstanding relating to the Group's defined contribution schemes.

(ii) Defined benefit scheme

The Company sponsors a funded defined benefit pension scheme for qualifying UK employees, the Wiltshire (Bristol) Limited Retirement Benefits Scheme ('the Scheme'). The Scheme is administered by a separate board of Trustees, which is legally separate from the Company. The Trustees are composed of representatives of both the Company and members. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy for the assets and the day-to-day administration of the benefits.

The Scheme has been closed to future members since 30 April 2006 and there are no remaining active members within the Scheme. No other post-retirement benefits are provided to these employees.

Profile of the Scheme

As at 31 March 2024, approximately 40% of the defined benefit obligation ('DBO') is attributable to former employees who have yet to reach retirement (2023: 42%) and 60% to current pensioners (2023: 58%). The Scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is approximately 15 years (2023: 16 years).

Buy-in

In the prior year, the Scheme purchased a bulk annuity policy (known as a buy-in) from Just Retirement Limited ('Just Retirement') for £15.4m, which was funded by a £1.0m contribution by the Company along with existing Scheme assets. This policy secured the full benefits of all Scheme members, which as at the remeasurement date amounted to £13.7m. Given the financial strength of Just Retirement, this buy-in substantively removes the risk of further contributions being required from the Company to provide benefits to members, beyond those noted below.

Following the buy-in, the Scheme's assets largely comprise the bulk annuity policy held with Just Retirement, along with a small amount of additional assets currently held with LGIM. The Scheme trustees are now working to progress towards a full buy-out, which will involve various data and benefits exercises. It is anticipated that the Scheme buy-out will be completed in 2025. Once the buy-out is complete, the Scheme has no further purpose and will be wound up.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 30 April 2021 and showed a surplus of £1.5m. The Company paid deficit contributions of £140k pa to 31 January 2022, plus an additional £1.0m in October 2022 in respect of the shortfall versus the buy-in premium. The next funding valuation is due as at 30 April 2024, although it is anticipated that the wind-up of the scheme will have commenced before the statutory deadline for completion of this valuation, therefore this requirement will no longer apply. The Company expects that a further contribution may be required in the year ending 31 March 2025 in respect of the balancing premium, once the data cleansing and benefit rectification is completed. The Company also pays expenses and PPF levies incurred by the Scheme.

Risks associated with the Scheme

The Scheme exposes the Company to some risks, although the purchase of a buy-in policy substantially mitigates these.

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The Scheme previously held a significant proportion of gilt and bond assets which limits volatility and risk in the short term. The allocation of assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.
Inflation risk	A proportion of the Scheme's benefit obligations are linked to inflation, and higher inflation leads to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Change in bond yields	A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.
Life expectancy	The majority of the Scheme's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the liabilities.

Assumptions used

The results of the latest funding valuation at 30 April 2021 have been adjusted to the new balance sheet date, taking account of experience over the period since 30 April 2021, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under IAS 19 are as follows:

	2024 %	2023 %
Discount rate for scheme liabilities	**4.80**	4.70
CPI inflation	**2.80**	2.85
RPI inflation	**3.40**	3.55
Pension increases		
Post 1988 GMP	**2.20**	2.20
Pre 2004 non GMP	**5.00**	5.00
Post 2004	**3.15**	3.25

The financial assumptions reflect the nature and term of the Scheme's liabilities. The weighted average duration of the Scheme liabilities at the year end is 15 years (2023: 16 years). This reduction is due to the discount rate increase which is the principal reason for the decrease in the value of Scheme liabilities compared with the prior year.

The Group has assumed that mortality will be in line with nationally published mortality table SAPS S3 Heavy tables with CMI 2021 projections related to members' years of birth with long-term rate of improvement of 1.5% per annum. No adjustment has been made for the possible effects of COVID-19.

25. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2024		2023	
	Men Years	Women Years	Men Years	Women Years
Member aged 65 (current life expectancy)	**86.1**	**88.6**	86.7	89.0
Member aged 45 (life expectancy at age 65)	**87.9**	**90.4**	88.4	90.8

It is assumed that 50% of non-retired members of the Scheme will commute the maximum amount of cash at retirement (2023: 50%).

Post-employment benefit obligations disclosures

The amounts charged to the Consolidated income statement are set out below:

	2024 £m	2023 £m
Past service cost	–	0.5
Settlement cost	–	2.2
Total amounts charged to the Consolidated income statement	–	2.7

Past service cost

In the prior year, as part of the data cleansing exercise ahead of the Scheme's buy-in, two items relating to the Barber window in relation to transferred in assets and a slightly later effective date for pension increases were identified. As a result, a £0.5m past service cost was recognised in the Consolidated income statement.

Current service costs and past service costs are charged to the income statement in arriving at operating profit. Interest income on Scheme assets and the interest cost on Scheme liabilities are included within finance costs.

Settlement cost

Given the intention is to convert the buy-in policy purchased during the prior year to a buy-out as soon as possible, a settlement cost of £2.2m was recognised in the Consolidated income statement for the year ended 31 March 2023. The settlement cost represented the difference between the value of the liabilities under IAS 19 at the remeasurement date, 31 October 2022, (£13.2m) and the price paid to settle the liabilities (£15.4m).

The following amounts have been recognised in the Consolidated statement of comprehensive income:

	2024 £m	2023 £m
Return on Scheme assets below that recognised in net interest	**0.5**	5.9
Actuarial gains due to changes in assumptions	**(0.7)**	(4.8)
Actuarial losses due to liability experience	**0.3**	0.4
Effect of the surplus cap	–	–
Deferred tax on surplus	–	(1.1)
Total amounts recognised within the Consolidated statement of comprehensive income	**0.1**	0.4

Amounts recognised in the balance sheet are as follows:

	2024 £m	2023 £m
Present value of funded obligations	**13.4**	13.6
Fair value of plan assets	**(14.0)**	(14.1)
Net asset recognised in the Consolidated balance sheet	**(0.6)**	(0.5)

The Trustees of the Scheme sought legal advice which concluded that the Group has an unconditional right to a refund of surplus from the Scheme, if the Scheme were to be run-off until the final beneficiary died. As a result, the Group has concluded that IFRIC 14 does not apply, and therefore has recognised the accounting surplus of £0.6m (2023: £0.5m) and an associated deferred tax liability of £0.2m (2023: £0.2m) in the Consolidated balance sheet.

Movements in the fair value of Scheme assets were as follows:

	2024 £m	2023 £m
Fair value of Scheme assets at the beginning of the year	**14.1**	21.2
Interest income on Scheme assets	**0.7**	0.5
Remeasurement losses on Scheme assets	**(0.5)**	(5.9)
Contributions by the employer	**0.1**	1.0
Settlements	–	(2.2)
Net benefits paid	**(0.4)**	(0.5)
Fair value of Scheme assets at the end of the year	**14.0**	14.1

Movements in the fair value of Scheme liabilities were as follows:

	2024 £m	2023 £m
Fair value of Scheme liabilities at the beginning of the year	**13.6**	17.5
Past service cost	–	0.5
Interest expense	**0.6**	0.5
Actuarial gains on Scheme liabilities arising from changes in assumptions	**(0.7)**	(4.8)
Actuarial losses on Scheme liabilities arising from experience	**0.3**	0.4
Net benefits paid	**(0.4)**	(0.5)
Fair value of Scheme liabilities at the end of the year	**13.4**	13.6

Movements in post-employment benefit net obligations were as follows:

	2024 £m	2023 £m
Opening post-employment benefit surplus	**(0.5)**	(3.7)
Past service cost	–	0.5
Settlement cost	–	2.2
Contributions by the employer	**(0.1)**	(1.0)
Remeasurement and experience losses	–	1.5
Closing post-employment benefit surplus	**(0.6)**	(0.5)

25. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

Plan assets are comprised as follows:

	2024		2023	
	£m	%	£m	%
Gilts	**0.4**	**2.9**	0.4	2.8
Cash	**0.2**	**1.4**	0.1	0.7
Buy-in policy	**13.4**	**95.7**	13.6	96.5
Total	**14.0**	**100.0**	14.1	100.0

All plan assets have a quoted market price.

Sensitivity to key assumptions

The key financial assumptions used for IAS 19 are the discount and inflation rates. Given that the Scheme's buy-in policy is valued exactly equal to the DBO, changes in the key assumptions no longer have any impact on the net funded status position.

26. SHARE CAPITAL

Share capital	2024 Number '000	2024 Amount £m	2023 Number '000	2023 Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	**923,075**	**9.3**	946,893	9.5
Purchase and cancellation of own shares	**(23,711)**	**(0.2)**	(23,831)	(0.2)
Issue of shares	**7,850**	**0.1**	13	0.0
Total	**907,214**	**9.2**	923,075	9.3

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2023 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 92,019,875 of its ordinary shares, subject to minimum and maximum price restrictions. In the year ended 31 March 2024, a total of 25,207,430 ordinary shares of £0.01 were purchased. The average price paid was 673.0p with a total consideration paid (including fees of £0.9m) of £170.8m. Of all shares purchased, 1,496,445 were held in treasury with 23,710,985 being cancelled. In the year ended 31 March 2024, 7,849,782 ordinary shares were issued for the settlement of share-based payments.

Included within shares in issue at 31 March 2024 are 312,831 (2023: 340,196) shares held by the ESOT and 4,899,346 (2023: 4,371,505) shares held in treasury, as detailed in note 27.

27. OWN SHARES HELD

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 31 March 2022	(0.4)	(22.0)	(22.4)
Repurchase of own shares for treasury	–	(8.7)	(8.7)
Share-based incentives exercised	–	5.1	5.1
Own shares held as at 31 March 2023	(0.4)	(25.6)	(26.0)
Repurchase of own shares for treasury	–	(11.1)	(11.1)
Share-based incentives exercised	–	5.8	5.8
Own shares held as at 31 March 2024	**(0.4)**	**(30.9)**	**(31.3)**

Own shares held – number	ESOT shares reserve Number of shares	Treasury shares Number of shares	Total Number of shares
Own shares held as at 31 March 2022	358,158	3,826,928	4,185,086
Transfer of shares from ESOT	(17,962)	–	(17,962)
Repurchase of own shares for treasury	–	1,430,372	1,430,372
Share-based incentives exercised	–	(885,795)	(885,795)
Own shares held as at 31 March 2023	340,196	4,371,505	4,711,701
Transfer of shares from ESOT	(27,365)	–	(27,365)
Repurchase of own shares for treasury	–	1,496,445	1,496,445
Share-based incentives exercised	–	(968,604)	(968,604)
Own shares held as at 31 March 2024	**312,831**	**4,899,346**	**5,212,177**

28. DIVIDENDS

Dividends declared and paid by the Company were as follows:

	2024 Pence per share	2024 £m	2023 Pence per share	2023 £m
2023 final dividend paid	**5.6**	**51.3**	5.5	51.7
2024 interim dividend paid	**3.2**	**29.1**	2.8	26.0
	8.8	**80.4**	8.3	77.7

The proposed final dividend for the year ended 31 March 2024 of 6.4p per share, totalling £58.4m, is subject to approval by shareholders at the Annual General Meeting ('AGM') and hence has not been included as a liability in the financial statements.

The Directors' policy with regard to future dividends is set out in the Financial review on page 24.

29. CASH GENERATED FROM OPERATIONS

	2024 £m	2023 £m
Profit after tax	**256.9**	233.9
Adjustments for:		
Tax charge	**88.3**	59.7
Depreciation	**4.8**	4.9
Amortisation	**13.5**	9.2
Share-based payments charge (excluding associated NI)	**7.5**	5.8
Deferred contingent consideration	**10.4**	38.8
Share of profit from joint ventures	**(2.8)**	(2.5)
Profit on sale of property, plant and equipment	**0.3**	(0.7)
Net lease disposals and modifications	**–**	(0.1)
Post employment expenses relating to the defined benefit scheme	**–**	2.7
Finance costs	**3.5**	3.1
R&D expenditure credit	**(0.1)**	(0.1)
Profit on disposal of a subsidiary	**–**	(19.1)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
Trade and other receivables	**(10.4)**	(3.6)
Trade and other payables	**6.0**	(1.9)
Provisions	**0.1**	–
Inventory	**1.0**	(2.7)
Cash generated from operations	**379.0**	327.4

30. SHARE-BASED PAYMENTS

The Group currently operates five share plans: the Share Incentive Plan, Performance Share Plan, Deferred Annual Bonus, Single Incentive Plan Award and the Sharesave scheme. All share-based incentives are subject to a service condition. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value of share-based incentives with market conditions.

The total charge in the period relating to the five schemes was £8.2m (2023: £6.6m). This included associated national insurance ('NI') at the rate at which management expects to be effective when the awards are exercised (13.80%), and apprenticeship levy at 0.5%, based on the share price at the reporting date.

In addition to this charge, the share-based payment charge reported in this period includes £10.4m relating to deferred share-based payment consideration relating to the acquisition of Autorama (see note 31), making a total combined charge of £17.9m (excluding associated NI).

	Group		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Share Incentive Plan ('SIP')	**–**	–	**–**	–
Sharesave scheme ('SAYE')	**0.7**	0.5	**–**	–
Performance Share Plan ('PSP')	**2.1**	1.9	**2.1**	1.9
Deferred Annual Bonus and Single Incentive Plan	**4.7**	3.4	**0.6**	0.4
NI and apprenticeship levy on applicable schemes	**0.7**	0.8	**0.3**	0.3
Total charge from ongoing share schemes	**8.2**	6.6	**3.0**	2.6
Share-based payments relating to Autorama acquisition	**10.4**	38.8	**–**	–
Total charge	**18.6**	45.4	**3.0**	2.6

During the year, the Directors in office in total had nil gains (2023: £1.4m) arising on the exercise of share-based incentive awards.

Share Incentive Plan

In 2015, the Group established a Share Incentive Plan ('SIP'). All eligible employees were awarded free shares (or nil-cost options in the case of employees in Ireland) valued at £3,600 each based on the share price at the time of the Company's admission to the Stock Exchange in March 2015.

30. SHARE-BASED PAYMENTS CONTINUED

UK SIP

	2024 Number	2023 Number
Outstanding at 1 April	**96,315**	116,808
Released	**(27,365)**	(20,493)
Outstanding at 31 March	**68,950**	96,315
Vested and outstanding at 31 March	**68,950**	96,315

The weighted average market value per ordinary share for SIP awards released was 695.0p (2023: 578.0p). The SIP shares outstanding at 31 March 2024 have fully vested (2023: fully vested). Shares released prior to the vesting date relate to those attributable to good leavers as defined by the Scheme rules.

Performance Share Plan

The Group operates a Performance Share Plan ('PSP') for Executive Directors, the Operational Leadership Team and certain key employees. The extent to which awards vest will depend upon the Group's performance over the three-year period following the award date. Both market-based and non-market-based performance conditions may be attached to the options. An appropriate adjustment is made for market-based performance conditions when calculating the fair value of an option. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

On 22 June 2023, the Group awarded 355,183 nil cost options under the PSP scheme (2023: 360,695). For the 2023 awards, the Group's performance is measured by reference to growth in operating profit (70% of the award), revenue (20% of the award) and carbon reduction (10% of the award) over a three-year period to March 2026.

For other previous awards, the Group's performance had been measured by reference to growth in operating profit and revenue over a three-year period, total shareholder return relative to the FTSE 350 share index (2017 and 2020 awards), diversity progress (2021 award) and carbon reduction (2022 award).

The fair value of the 2023 award was determined to be the share price at grant date. In previous years, the total shareholder return element was valued using the Monte Carlo model. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date.

30. SHARE-BASED PAYMENTS CONTINUED

PSP award holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares. The assumptions used in the measurement of the fair value at grant date of the PSP awards are as follows:

Grant date	Condition	Share price at grant date £	Exercise price £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
16 June 2017	TSR dependent	4.00	Nil	31	3.0	0.2	0.0	0.0	2.17
16 June 2017	OP dependent	4.00	Nil	N/A	3.0	0.2	0.0	0.0	4.00
30 August 2017	TSR dependent	3.42	Nil	31	3.0	0.2	0.0	0.0	2.17
30 August 2017	OP dependent	3.42	Nil	N/A	3.0	0.2	0.0	0.0	3.42
17 August 2018	OP dependent	4.48	Nil	N/A	3.0	0.7	1.7	0.0	4.48
17 August 2018	Revenue dependent	4.48	Nil	N/A	3.0	0.7	1.7	0.0	4.48
17 June 2019	OP dependent	5.65	Nil	N/A	3.0	0.6	1.3	0.0	5.65
17 June 2019	Revenue dependent	5.65	Nil	N/A	3.0	0.6	1.3	0.0	5.65
8 July 2020	TSR dependent	5.27	Nil	32	3.0	(0.1)	0.0	0.0	2.83
17 June 2021	OP dependent	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
17 June 2021	Revenue dependent	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
17 June 2021	Diversity progress dependent	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
23 June 2022	OP dependent	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
23 June 2022	Revenue dependent	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
23 June 2022	Carbon reduction dependent	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
22 June 2023	OP dependent	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22
22 June 2023	Revenue dependent	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22
22 June 2023	Carbon reduction dependent	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22

30. SHARE-BASED PAYMENTS CONTINUED

Expected volatility is estimated by considering historic average share price volatility at the grant date.

The number of options outstanding and exercisable as at 31 March 2024 was as follows:

	2024 Number	2023 Number
Outstanding at 1 April	**1,399,984**	1,401,701
Options granted in the year	**355,183**	360,695
Dividend shares awarded	**–**	8,319
Options forfeited in the year	**(591,580)**	(129,684)
Options exercised in the year	**(47,547)**	(241,047)
Outstanding at 31 March	**1,116,040**	1,399,984
Exercisable at 31 March	**31,801**	79,348

The weighted average market value per ordinary share for PSP options exercised in 2024 was 714.0p (2023: 587.2p). The PSP awards outstanding at 31 March 2024 have a weighted average remaining vesting period of 1.2 years (2023: 1.0 years) and a weighted average contractual life of 8.1 years (2023: 7.9 years).

Deferred Annual Bonus and Single Incentive Plan Award

The Group operates the Deferred Annual Bonus and Single Incentive Plan Award for Executive Directors, the Operational Leadership Team and certain key employees. The plan consists of two schemes, the Deferred Annual Bonus Plan ('DABP') and the Single Incentive Plan Award ('SIPA'). In addition, in the current period the Group announced a new Single Incentive Plan Award for all employees under the existing scheme rules.

Deferred Annual Bonus

The Group operates a Deferred Annual Bonus Plan ('DABP') for Executive Directors. Awards under the plan are contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. The extent to which the awards vest will depend upon the satisfaction of the Group's financial and operational performance in the financial year of the award date (the 'Performance Conditions'). The awards will vest on the second anniversary of the date the Remuneration Committee determines that the Performance Conditions have been satisfied (the 'Vesting Period'). Awards are potentially forfeitable during that period should the employee leave employment. The DABP awards have been valued using the Black-Scholes method where appropriate and the resulting share-based payments charge is being spread evenly over the combined Performance Period and Vesting Period of the shares, being three years.

On 22 June 2023, the Group awarded 103,330 nil cost options under the DABP scheme (2023: 108,704). DABP award holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares. The assumptions used in the measurement of the fair value at grant date of the DABP awards are as follows:

Grant date	Share price at grant date £	Exercise price £	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
17 August 2018	4.48	Nil	2.0	0.7	1.7	0.0	4.48
17 June 2019	5.65	Nil	2.0	0.6	1.3	0.0	5.65
23 June 2022	5.31	Nil	2.0	2.0	1.3	0.0	5.31
22 June 2023	6.22	Nil	2.0	4.9	1.4	0.0	6.22

The number of options outstanding and exercisable as at 31 March was as follows:

	2024 Number	2023 Number
Outstanding at 1 April	**108,704**	–
Options granted in the year	**103,330**	108,704
Outstanding at 31 March	**212,034**	108,704
Exercisable at 31 March	**–**	–

No DABP options were exercised in 2024 (2023: No DABP options exercised).

Single Incentive Plan Award

The Group operates a Single Incentive Plan Award ('SIPA') for the Operational Leadership Team and certain key employees. The extent to which awards vest will depend upon the satisfaction of the Group's financial and operational performance in the financial year of the award date (the 'Performance Conditions'). The awards will vest in tranches, with the first tranche vesting on the date on which the Remuneration Committee determines that the Performance Conditions have been satisfied, and subsequent tranches vesting on the first and second anniversary of this date, subject to continuing employment.

On 22 June 2023, the Group awarded 618,497 nil cost options under the SIPA scheme for the Operational Leadership Team and certain key employees (2023: 681,586). For the 2023 awards, 75% of the award value is dependent on FY24 operating profit and the remaining 25% is subject to successful implementation of digital retailing related products by 31 March 2024. The fair value of the 2023 award was determined to be £6.22 per option, being the share price at grant date.

During the year, the Group announced a new All-Employee Single Incentive Plan Award ('All-Employee SIPA') that rewards employees with an extra 10% of their salary in shares. The awards will vest in tranches, with the first tranche vesting on the first anniversary of the grant date and subsequent tranches vesting on the first and second anniversary of this date, subject to continuing employment.

On 21 November 2023, the Group awarded 1,049,495 nil cost options under the SIPA scheme for all employees (2023: nil). The fair value of the 2023 award was determined to be £6.25 per option, being the average of the mid-market price for the three months leading up to the grant date.

The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date. SIPA holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares.

104 – 162

30. SHARE-BASED PAYMENTS CONTINUED

The assumptions used in the measurement of the fair value at grant date of the SIPA awards are as follows:

Grant date	Share price at grant date £	Exercise price £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
17 August 2018	4.48	Nil	N/A	3.0	0.7	1.7	0.0	4.48
17 June 2019	5.65	Nil	N/A	3.0	0.6	1.3	0.0	5.65
8 July 2020	5.27	Nil	N/A	3.0	(0.1)	0.0	0.0	5.27
24 November 2020	5.52	Nil	N/A	3.0	(0.1)	0.0	0.0	5.52
17 June 2021	6.29	Nil	N/A	3.0	0.2	0.9	0.0	6.29
23 June 2022	5.31	Nil	N/A	3.0	2.0	1.3	0.0	5.31
22 June 2023	6.22	Nil	N/A	3.0	4.9	1.4	0.0	6.22
21 November 2023	6.25	Nil	N/A	3.0	4.5	1.4	0.0	6.25

The number of options outstanding and exercisable as at 31 March was as follows:

	2024 Number	2023 Number
Outstanding at 1 April	**1,517,766**	1,291,868
Options granted in the year	**1,667,992**	681,586
Dividend shares awarded	**10,239**	5,710
Options exercised in the year	**(515,383)**	(214,290)
Options forfeited in the year	**(167,296)**	(247,108)
Outstanding at 31 March	**2,513,318**	1,517,766
Exercisable at 31 March	**473,755**	412,346

The weighted average market value per ordinary share for SIPA options exercised in 2024 was 680.4p (2023: 601.1p). The SIPA awards outstanding at 31 March 2024 have a weighted average remaining vesting period of 2.9 years (2023: 1.2 years) and a weighted average contractual life of 8.7 years (2023: 8.2 years). The charge for the year includes an estimate of the awards to be granted after the balance sheet date in respect of achievement of 2022 targets.

Sharesave scheme

The Group operates a Sharesave ('SAYE') scheme for all employees under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. Options are granted and are linked to a savings contract with a term of three years. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options.

The assumptions used in the measurement of the fair value at grant date of the Sharesave plan are as follows:

Grant date	Share price at grant date £	Exercise price £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
14 December 2018	4.48	3.49	29	3.0	0.7	1.7	16	1.29
13 December 2019	5.74	4.32	25	3.0	0.6	1.3	10	1.63
16 December 2020	5.75	4.41	32	3.0	0.0	0.5	10	1.86
16 December 2021	7.13	5.88	32	3.0	0.5	0.5	10	2.05
14 December 2022	5.64	4.56	34	3.0	3.2	1.3	10	1.87

Expected volatility is estimated by considering historic average share price volatility at the grant date. The requirement that an employee has to save in order to purchase shares under the Sharesave plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black-Scholes pricing model.

	2024		2023	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 April	**1,366,352**	**4.72**	1,446,582	4.72
Options granted in the year	**–**	**–**	688,115	4.56
Options exercised in the year	**(407,221)**	**4.40**	(406,060)	3.86
Options lapsed in the year	**(102,173)**	**4.92**	(362,285)	5.39
Outstanding at 31 March	**856,958**	**4.84**	1,366,352	4.72
Exercisable at 31 March	**54,288**	**4.41**	53,892	4.32

The weighted average market value per ordinary share for Sharesave options exercised in 2024 was 711.8p (2023: 597.4p). The Sharesave options outstanding at 31 March 2024 have a weighted average remaining vesting period of 1.5 years (2023: 2.0 years) and a weighted average contractual life of 2.0 years (2023: 2.5 years).

31. PRIOR PERIOD BUSINESS COMBINATIONS

Purchase of Autorama UK Limited

In the prior period, on 22 June 2022, the Group acquired the entire share capital of Autorama UK Limited ('Autorama') for initial consideration of £150.0m, with an additional £50.0m deferred until 22 June 2023 and settled in shares subject to employment and performance conditions.

Autorama, one of the UK's largest marketplaces for leasing new vehicles, is a leading end-to-end digital platform, which aggregates leasing deals from multiple funders and manufacturers (under its 'Vanarama' brand), enabling buyers to transact online across a wide range of vehicles.

The total consideration of £150.0m excludes acquisition costs of £2.1m which were recognised within costs in the Consolidated income statement in the prior period. The following table provides a reconciliation of the amounts included in the Consolidated statement of cash flows for the prior period:

	2023 £m
Cash paid for subsidiary	150
Less: cash acquired	(5.8)
Payment for acquisition of subsidiary, net of cash acquired	**144.2**

As the settlement of the deferred consideration of £50.0m was subject to a condition for continuing employment to 22 June 2023, the amount was not included in the business combination but was recorded as a post-acquisition income statement expense over the period of service, which extended to the first anniversary of the acquisition. The deferred consideration was fully settled at 31 March 2024 with the final settlement being reduced to £49.9m due to the associated performance conditions not being met.

From the period of acquisition to 31 March 2023, Autorama contributed revenue of £27.2m, and a loss of £11.2m to the Group's results. Further analysis is within note 4.

The purchase was accounted for as a business combination under the acquisition method in accordance with IFRS 3. The fair value of net assets acquired was assessed and, other than in respect of the intangible assets and related deferred tax, described below, no material adjustments from book value were made to existing assets and liabilities. The goodwill calculation is summarised below:

	Fair value £m
Intangible asset recognised on acquisition	
Brand	47.6
Technology	13.7
Customer relationships	2.9
Order book	2.3
Deferred tax liability arising on intangible assets	(16.3)
	50.2
Other non-current assets	
Investments	1.0
Property, plant and equipment	5.3
Intangible assets	0.4
Deferred tax asset	6.8
	13.5
Current assets	
Cash and cash equivalents	5.8
Trade and other receivables	4.5
Inventory	0.9
Other debtors	0.9
	12.1
Current liabilities	
Trade and other payables	11.6
Deferred income	2.3
	13.9
Non-current liabilities	
Borrowings	4.0
Lease liabilities	0.4
	4.4
Total net assets acquired	
Goodwill on acquisition	57.5
Total assets acquired	92.5
Fair value of cash consideration	**150.0**

31. PRIOR PERIOD BUSINESS COMBINATIONS CONTINUED

The brand, technology, customer relationships and order book obtained through the acquisition met the requirements to be separately identifiable under IFRS 3. Refer to note 2 for further details on fair value techniques for valuing intangibles.

The business operates under the Vanarama brand name and is one of the UK's longest running e-commerce brands. The asset was valued using the Multi-period Excess Earnings Method and cross-checked using relief from royalty. A useful economic life and obsolescence decline period of 10 years was assumed. A post-tax discount rate of 14% was applied. This discount rate is lower than that for Autorama as a whole at the date of acquisition and reflects factors including the finite brand forecast period, compared to cash flows into perpetuity used to support the goodwill.

During the period ended 31 March 2024, the integration of Autorama accelerated at a faster rate than originally anticipated at acquisition. As a result, the useful economic life of the 'Vanarama' brand was reduced from ten years to five years from the date of acquisition. This change in accounting estimate was applied prospectively from 1 October 2023 in line with IAS 38 – Intangible assets.

The technology is Autorama's propriety technology which helps manage a complex vehicle lease purchasing process into a streamlined online transaction via a customer friendly user interface, which has been developed in-house. The asset was valued using the cost approach, specifically replacement costs, and cross-checked using relief from royalty. The order book is customer orders not yet delivered, which is expected to unwind.

The goodwill recognised on acquisition principally relates to value arising from intangible assets that are not separately identifiable under IFRS 3. Such assets include the value of the acquired workforce (including technical experience), returning customers, supplier relationships with funders and car manufacturers and future market growth opportunities. Customer lists were not valued separately on the basis they are inseparable in their own right from the brand. Supplier relationships were not separately valued on the basis that their terms are in line with industry standards of what would be typically agreed with a market participant.

The valuation of the Vanarama brand name is sensitive to a change in the obsolescence rate assumption. An obsolescence profile was assumed which is considered to be a representative curve for a consumer asset in the absence of continued marketing spend, showing a slow decline in the early years due to the benefit of historic spend, the decline then accelerating in the middle years as consumer brand consciousness falls, before slowing in the final years to reflect a slower drop off of residual awareness. Slowing or accelerating the assumed rate of obsolescence by one year, with all other factors being unchanged, would increase or decrease the valuation of the brand by £14m or £16m respectively. Residual goodwill would be adjusted by an equal and opposite amount, net of taxation. The discount rate used in the brand valuation is less sensitive to change, reflecting the finite useful economic life of 10 years and the lower positive cash flows in the latter years due to the obsolescence decline.

None of the acquired intangible assets or goodwill is expected to be deductible for tax purposes. A deferred tax liability has been recorded on the fair value of the intangible assets recognised, other than goodwill, measured at the substantively enacted UK rate of corporation tax from April 2023 of 25%. This deferred tax liability was debited against and increased the value of goodwill recognised.

Settlement of deferred consideration in relation to Blue Owl Network Limited

In addition, in July 2022, the deferred consideration of £8.1m was settled in respect of the acquisition of Blue Owl Network Limited ('Blue Owl'). On 31 July 2020, the Group acquired the entire share capital of Blue Owl for consideration of £18.2m, of which £8.1m was deferred until 31 July 2022.

32. FINANCIAL INSTRUMENTS

Financial assets

	Note	2024 £m	2023 £m
Net trade receivables (invoiced)	18	**32.7**	28.5
Net accrued income	18	**42.8**	38.7
Net trade receivables (total)	18	**75.5**	67.2
Other receivables	18	**1.0**	0.3
Cash and cash equivalents	20	**18.7**	16.6
Total		**95.2**	84.1

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2024 was £95.2m (2023: £84.1m). The maximum exposure to credit risk for trade receivables and accrued income at the reporting date by geographic region was:

	2024 £m	2023 £m
UK	**75.5**	67.2
Total	**75.5**	67.2

The maximum exposure to credit risk for trade receivables and accrued income at the reporting date by type of customer was:

	2024 £m	2023 £m
Retailers	**58.0**	52.7
Manufacturer and Agency	**6.6**	5.1
Other	**4.7**	5.3
Autorama	**6.2**	4.1
Total	**75.5**	67.2

The Group's most significant customer accounts for £1.8m (2023: £1.2m) of net trade receivables as at 31 March 2024.

32. FINANCIAL INSTRUMENTS CONTINUED

Expected credit loss assessment

Expected credit losses are measured using a provisioning matrix based on actual credit loss experience over the past three years and adjusted, when required, to take into account current macro-economic factors. For certain customers the Group applies experienced credit judgement that is determined to be predictive of the risk of loss to assess the expected credit loss, taking into account external ratings, financial statements and other available information. The following table provides information about the exposure to credit risk and expected credit losses for trade receivables and accrued income from individual customers as at 31 March 2024.

	Expected credit loss rate	Gross carrying amount £m	Loss allowance £m	Credit-impaired
Accrued income	**3.7%**	**44.5**	**(1.7)**	**No**
Current	**3.5%**	**27.8**	**(1.0)**	**No**
Past due 1–30 days	**9.5%**	**6.0**	**(0.6)**	**No**
Past due 31–60 days	**36.0%**	**0.3**	**(0.1)**	**No**
Past due 61–90 days	**92.8%**	**0.2**	**(0.2)**	**No**
More than 91 days past due	**81.6%**	**1.7**	**(1.4)**	**No**
		80.5	**(5.0)**	

At 31 March 2023, ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. At 31 March 2024, ECLs continue to reflect macro-economic uncertainty around retailer profitability due to persistent high inflation, high interest rates and the upcoming UK general election which could lead to new political policies to which we would need to respond. Sensitivity analysis has been performed in assessing the expected credit loss rate. There are no changes to the rate that are considered by the Directors to be reasonably possible, which give rise to a material difference in the loss allowance.

Comparative information about the exposure to credit risk and expected credit losses for trade receivables from individual customers as at 31 March 2023 is set out below:

	Expected credit loss rate	Gross carrying amount £m	Loss allowance £m	Credit-impaired
Accrued income	3.7%	40.2	(1.5)	No
Current	2.8%	25.4	(0.7)	No
Past due 1–30 days	8.8%	3.4	(0.3)	No
Past due 31–60 days	27.8%	0.4	(0.1)	No
Past due 61–90 days	83.3%	0.1	(0.1)	No
More than 91 days past due	81.1%	2.2	(1.8)	No
		71.7	(4.5)	

The Group has identified specific balances for which it has provided an impairment allowance on a line-by-line basis across all ledgers, in both years. The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	Note	2024 £m	2023 £m
At 1 April	18	**3.0**	2.5
Charged during the year		**1.9**	1.0
Acquired through business combinations		**–**	0.3
Utilised during the year		**(1.6)**	(0.8)
At 31 March	18	**3.3**	3.0

The movement in the allowance for impairment in respect of accrued income during the year was as follows.

	Note	2024 £m	2023 £m
At 1 April	18	**1.5**	1.2
Charged during the year		**0.2**	0.5
Utilised during the year		**–**	(0.2)
At 31 March	18	**1.7**	1.5

Cash and cash equivalents

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated between P-1 and P-2 based on Moody's ratings. The Directors do not consider deposits at these institutions to be at risk.

Financial liabilities

	2024			2023		
	As per balance sheet £m	Future interest cost £m	Total cash flows £m	As per balance sheet £m	Future interest cost £m	Total cash flows £m
Trade and other payables	**25.5**	**–**	**25.5**	27.9	–	27.9
Vehicle stocking loan	**2.1**	**–**	**2.1**	3.0	–	3.0
Borrowings (gross of debt issue costs)	**30.0**	**–**	**30.0**	58.6	–	58.6
Leases	**4.8**	**0.1**	**4.9**	7.1	0.3	7.4
Total	**62.4**	**0.1**	**62.5**	96.6	0.3	96.9

Trade and other payables are as disclosed within note 21, excluding vehicle stocking loan, other taxation and social security liabilities and deferred income.

32. FINANCIAL INSTRUMENTS CONTINUED

IFRS 7 requires the contractual future interest cost of a financial liability to be included within the above table. As disclosed in note 22 of these Consolidated financial statements, borrowings are currently drawn under a syndicated debt arrangement and repayments can be made at any time without penalty. As such there is no contractual future interest cost. Interest is payable on borrowings' drawn amounts at a rate of SONIA prevailing at the time of drawdown plus the applicable margin, which ranges from 1.2% to 2.1%, excluding the potential beneficial impact of sustainability performance targets. Interest paid in the year in relation to borrowings amounted to £3.1m (2023: £3.2m).

Similarly, repayments can be made at any time without penalty on the vehicle stocking loan. As such there is no contractual future interest cost. Interest is payable on the loan balance at the prevailing Bank of England Base Rate plus a 2% margin. Interest paid in the year in relation to the vehicle stocking loan amounted to £0.3m (2023: £0.1m).

The Company had no derivative financial liabilities in either year. It is not expected that the cash flows included in the maturity analysis could occur earlier or at significantly different amounts.

Liquidity risk

The maturity of financial liabilities based on contracted cash flows is shown in the table below. This table has been drawn up using the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is obliged to pay. The table includes both interest and principal cash flows. Floating rate interest payments have been calculated using the relevant interest rates prevailing at the year end, where applicable.

As at 31 March 2024	Trade and other payables £m	Vehicle stocking loan £m	Borrowings £m	Leases £m	Total £m
Due within one year	**25.5**	**2.1**	**–**	**2.4**	**30.0**
Due within one to two years	**–**	**–**	**–**	**2.0**	**2.0**
Due within two to five years	**–**	**–**	**30.0**	**0.5**	**30.5**
Due after more than five years	**–**	**–**	**–**	**–**	**–**
Total	**25.5**	**2.1**	**30.0**	**4.9**	**62.5**

As at 31 March 2023	Trade and other payables £m	Vehicle stocking loan £m	Borrowings £m	Leases £m	Total £m
Due within one year	27.9	3.0	1.1	2.5	34.5
Due within one to two years	–	–	–	2.4	2.4
Due within two to five years	–	–	57.5	2.5	60.0
Due after more than five years	–	–	–	–	–
Total	27.9	3.0	58.6	7.4	96.9

Fair values

The fair values of all financial instruments in both years approximate to their carrying values.

33. NET DEBT

Analysis of net debt

Net debt is calculated as total borrowings, vehicle stocking loan and lease liabilities, less cash and cash equivalents. Non-cash changes represent the effects of the recognition and subsequent amortisation of fees relating to the bank facility, changing maturity profiles, acquisition of debt and new leases entered into during the year.

March 2024	At 1 April 2023 £m	Cash flow £m	Non-cash changes £m	At 31 March 2024 £m
Debt due within one year	**1.1**	**(1.1)**	**–**	**–**
Debt due after more than one year	**57.5**	**(30.5)**	**0.7**	**27.7**
Vehicle stocking loan	**3.0**	**–**	**(3.0)**	**–**
Accrued interest	**0.3**	**(3.4)**	**3.3**	**0.2**
Lease liabilities	**7.1**	**(2.7)**	**0.4**	**4.8**
Total debt and lease financing	**69.0**	**(37.7)**	**1.4**	**32.7**
Cash and cash equivalents	**(16.6)**	**(2.1)**	**–**	**(18.7)**
Net debt/(cash)	**52.4**	**(39.8)**	**1.4**	**14.0**

In the current year, the vehicle stocking loan is not presented within net debt to be consistent with the presentation of this balance, together with the related inventory, as part of the Group's operating cycle.

Non-cash changes on debt due after more than one year relates to amortisation of debt issue costs.

March 2023	At 1 April 2022 £m	Cash flow £m	Non-cash changes £m	At 31 March 2023 £m
Debt due within one year	–	1.1	–	1.1
Debt due after more than one year	–	54.6	2.9	57.5
Vehicle stocking loan	–	–	3.0	3.0
Accrued interest	0.1	(3.0)	3.2	0.3
Lease liabilities	9.5	(2.9)	0.5	7.1
Total debt and lease financing	9.6	49.8	9.6	69.0
Cash and cash equivalents	(51.3)	34.7	–	(16.6)
Net debt/(cash)	(41.7)	84.5	9.6	52.4

33. NET DEBT CONTINUED

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

	Liabilities/(Assets)			Equity				
	Borrowings and accrued interest	Vehicle stocking loan	Lease liabilities	Share capital	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2023	**58.9**	**3.0**	**7.1**	**9.3**	**1,390.3**	**(26.0)**	**(846.3)**	**596.3**
Changes from financing cash flows								
Dividends paid to Company shareholders	–	–	–	–	(80.4)	–	–	(80.4)
Drawdown of Syndicated RCF	57.0	–	–	–	–	–	–	57.0
Repayment of Syndicated RCF	(87.0)	–	–	–	–	–	–	(87.0)
Repayment of other debt	(1.1)	–	–	–	–	–	–	(1.1)
Payment of refinancing fees	(0.5)	–	–	–	–	–	–	(0.5)
Payment of interest on borrowings	(3.4)	–	–	–	–	–	–	(3.4)
Payment of lease liabilities	–	–	(2.7)	–	–	–	–	(2.7)
Purchase of own shares for cancellation	–	–	–	(0.2)	(158.9)	–	0.2	(158.9)
Purchase of own shares for treasury	–	–	–	–	–	(11.0)	–	(11.0)
Fees on repurchase of own shares	–	–	–	–	(0.9)	–	–	(0.9)
Issue of ordinary shares	–	–	–	0.1	–	–	–	0.1
Proceeds from exercise of share-based incentives	–	–	–	–	1.8	–	–	1.8
Total changes from financing cash flows	(35.0)	–	(2.7)	(0.1)	(238.4)	(11.0)	0.2	(287.0)
Other changes – liability related								
Interest expense	3.0	–	0.1	–	–	–	–	3.1
Other	1.0	(3.0)	0.3	–	–	–	–	(1.7)
Total liability-related other changes	4.0	(3.0)	0.4	–	–	–	–	1.4
Total equity-related other changes	–	–	–	–	268.6	5.7	-	274.3
Balance as of 31 March 2024	**27.9**	**–**	**4.8**	**9.2**	**1420.5**	**(31.3)**	**(846.1)**	**585.0**

33. NET DEBT CONTINUED

	Liabilities/(Assets)			Equity				
	Borrowings and accrued interest	Vehicle stocking loan	Lease liabilities	Share capital	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2022	**(1.2)**	**–**	**9.5**	**9.5**	**1,332.4**	**(22.4)**	**(847.0)**	**480.8**
Changes from financing cash flows								
Dividends paid to Company shareholders	–	–	–	–	(77.7)	–	–	(77.7)
Drawdown of Syndicated RCF	110.0	–	–	–	–	–	–	110.0
Repayment of Syndicated RCF	(50.0)	–	–	–	–	–	–	(50.0)
Repayment of other debt	(4.0)	–	–	–	–	–	–	(4.0)
Proceeds from loan	1.1	–	–	–	–	–	–	1.1
Payment of refinancing fees	(1.4)	–	–	–	–	–	–	(1.4)
Payment of interest on borrowings	(3.0)	–	–	–	–	–	–	(3.0)
Payment of lease liabilities	–	–	(2.9)	–	–	–	–	(2.9)
Purchase of own shares for cancellation	–	–	–	(0.2)	(138.6)	–	0.2	(138.6)
Purchase of own shares for treasury	–	–	–	–	–	(8.7)	–	(8.7)
Fees on repurchase of own shares	–	–	–	–	(0.7)	–	–	(0.7)
Proceeds from exercise of share-based incentives	–	–	–	–	2.0	–	–	2.0
Total changes from financing cash flows	52.7	–	(2.9)	(0.2)	(215.0)	(8.7)	0.2	(173.9)
Other changes – liability related								
Interest expense	3.1	–	0.2	–	–	–	–	3.3
Other	4.3	3.0	0.3	–	–	–	–	7.6
Total liability-related other changes	7.4	3.0	0.5	–	–	–	–	10.9
Total equity-related other changes	–	–	–	–	272.9	5.1	0.5	278.5
Balance as of 31 March 2023	**58.9**	**3.0**	**7.1**	**9.3**	**1,390.3**	**(26.0)**	**(846.3)**	**596.3**

34. RELATED PARTY TRANSACTIONS

Dealer Auction Limited

The Group transacted the following related party transactions with its joint venture, Dealer Auction Limited, during the period.

The Group provided data services to Dealer Auction under a licence agreement established as part of the formation of the joint venture in January 2019. The value of services provided to Dealer Auction was £0.6m (2023: £0.6m) and has been recognised within revenue. At 31 March 2024, deferred income outstanding in relation to the licence agreement was £8.3m (2023: £8.9m).

The Group recharged Dealer Auction for the provision of office space and laptops during the period, the total value of which was £32,900 (2023: £31,500). The service was provided to Dealer Auction at an arm's length basis and recorded within administrative expenses within the Consolidated income statement.

Other related party transactions

Key Management personnel compensation has been disclosed in note 8.

The Group sponsors a funded defined benefit pension scheme. Details of transactions with the Wiltshire (Bristol) Limited Retirement Benefits Scheme are set out in note 25.

35. SUBSIDIARIES AND JOINT VENTURES

Subsidiaries

At 31 March 2024 the Group's subsidiaries were:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited[1]	England and Wales	Intermediary holding company	Ordinary	100%	100%
Auto Trader Limited[1]	England and Wales	Online marketplace	Ordinary	–	100%
Trader Licensing Limited[1]	England and Wales	Dormant company	Ordinary	–	100%
Autorama UK Limited[2]	England and Wales	Online marketplace	Ordinary	100%	100%
Vanarama Limited[2]	England and Wales	Dormant company	Ordinary	–	100%
Autorama Holding (Malta) Limited[3]	Malta	Investment company for a protected cell company	Ordinary	–	100%
Blue Owl Network Limited[1]	England and Wales	Finance platform	Ordinary	–	100%

1. Registered office address is 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN.
2. Registered office address is Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7DE.
3. Registered office address is The Landmark, Level 2, Suite 1, Triq L-Iljun, Qormi, Malta.

Vanarama USA Inc, a subsidiary undertaking of the Group, was dissolved on 24 October 2023.

All subsidiaries have a year end of 31 March, apart from Autorama Holding (Malta) Limited, which has a year end of 31 December.

Joint ventures

At 31 March 2024 the Group's interests in joint ventures were:

Joint ventures	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Dealer Auction Limited[1]	England and Wales	Online marketplace	Ordinary	–	49%
Dealer Auction (Operations) Limited[1]	England and Wales	Dormant company	Ordinary	–	49%
Auto Trader Autostock Limited[1]	England and Wales	Dormant company	Ordinary	–	49%
Dealer Auction Services Limited[1]	England and Wales	Dormant company	Ordinary	–	49%

1. Registered office address is Central House, Leeds Road, Rothwell, Leeds, West Yorkshire, England, LS26 0JE.

All joint ventures have a year end of 31 December.

Company balance sheet

At 31 March 2024

	Note	2024 £m	2023 £m
Fixed assets			
Investments	3	**1,403.9**	1,427.2
		1,403.9	1,427.2
Current assets			
Debtors	4	**303.1**	338.1
Cash and cash equivalents	5	**0.1**	0.3
		303.2	338.4
Creditors: amounts falling due within one year	6	**(1,118.3)**	(905.5)
Net current assets		**(815.1)**	(567.1)
Net assets		**588.8**	860.1
Capital and reserves			
Called-up share capital	9	**9.2**	9.3
Share premium		**182.6**	182.6
Own shares held	10	**(31.3)**	(26.0)
Capital redemption reserve		**1.4**	1.2
Retained earnings		**426.9**	693.0
Total equity		**588.8**	860.1

The loss for the year of the Company was £39.7m (2023: loss £9.0m). The accompanying notes form part of these financial statements. The financial statements were approved by the Board of Directors on 30 May 2024 and authorised for issue:

Jamie Warner
Chief Financial Officer
Auto Trader Group plc
Registered number: 09439967
30 May 2024

Company statement of changes in equity
For the year ended 31 March 2024

	Share capital £m	Share premium £m	Retained earnings £m	Own shares held £m	Capital redemption reserve £m	Total equity £m
Balance at 31 March 2022	**9.5**	**182.6**	**877.8**	**(22.4)**	**1.0**	**1,048.5**
Loss for the year	–	–	(9.0)	–	–	(9.0)
Total comprehensive expense, net of tax	–	–	(9.0)	–	–	(9.0)
Transactions with owners:						
Employee share schemes – value of employee services	–	–	44.6	–	–	44.6
Exercise of employee share schemes	–	–	(3.6)	5.1	–	1.5
Tax impact of employee share schemes	–	–	0.2	–	–	0.2
Purchase of own shares for treasury	–	–	–	(8.7)	–	(8.7)
Purchase of own shares for cancellation	(0.2)	–	(139.3)	–	0.2	(139.3)
Dividends paid	–	–	(77.7)	–	–	(77.7)
Total transactions with owners recognised directly in equity	(0.2)	–	(175.8)	(3.6)	0.2	(179.4)
Balance at 31 March 2023	**9.3**	**182.6**	**693.0**	**(26.0)**	**1.2**	**860.1**
Loss for the year	–	–	(39.7)	–	–	(39.7)
Total comprehensive expense, net of tax	–	–	(39.7)	–	–	(39.7)
Transactions with owners:						
Employee share schemes – value of employee services	–	–	17.9	–	–	17.9
Exercise of employee share schemes	–	–	(4.0)	5.8	–	1.8
Tax impact of employee share schemes	–	–	(0.1)	–	–	(0.1)
Purchase of own shares for treasury	–	–	–	(11.1)	–	(11.1)
Purchase of own shares for cancellation	(0.2)	–	(159.7)	–	0.2	(159.7)
Issue of ordinary shares	0.1	–	(0.1)	–	–	–
Dividends paid	–	–	(80.4)	–	–	(80.4)
Total transactions with owners recognised directly in equity	(0.1)	–	(226.4)	(5.3)	0.2	(231.6)
Balance at 31 March 2024	**9.2**	**182.6**	**426.9**	**(31.3)**	**1.4**	**588.8**

The accompanying notes form part of these financial statements.

104 – 162

Notes to the Company financial statements

1. ACCOUNTING POLICIES

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company was incorporated on 13 February 2015.

Statement of compliance and basis of preparation

The Company financial statements of Auto Trader Group plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' applicable in the United Kingdom and the Republic of Ireland ('FRS 101') and the Companies Act 2006.

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

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- no separate parent company cash flow statement with related notes has been included;
- no separate parent company statement of comprehensive income with related notes has been included; and
- Key Management personnel compensation has not been included a second time.

As the Group financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the certain disclosures required by IFRS 2 – Share-Based Payments in respect of group settled share-based payments, IFRS 13 – Fair Value Measurement and the disclosures required by IFRS 7 – Financial Instruments: Disclosures.

The Company financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial assets and liabilities through profit or loss. The current year financial information presented is at and for the year ended 31 March 2024. The comparative financial information presented is at and for the year ended 31 March 2023.

The Company's accounting policies are the same as those set out in note 1 to the Consolidated financial statements.

The adoption of IFRS 17 – Insurance Contracts in the year has had no material effect on the Company financial statements in the current or prior period. Please also see note 12.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report.

The Company financial statements have been prepared in sterling (£), which is the functional and presentational currency of the Company, and have been rounded to the nearest hundred thousand (£0.1m) except where otherwise indicated.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published Consolidated financial statements of Auto Trader Group plc. The loss for the financial period dealt with in the financial statements of the parent company was £39.7m (2023: loss of £9.0m).

Amounts paid to the Company's auditor in respect of the statutory audit were £228,500 (2023: £200,000). The charge was borne by a subsidiary company and not recharged.

Estimation techniques

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, is the carrying value of investments.

The Group considers annually whether there is an indicator that the carrying value of investments may have suffered an impairment, in accordance with the accounting policy stated. Where an indicator is identified, the recoverable amounts of investments are determined based on value-in-use calculations, which require the use of estimates. Following an impairment being recorded in the year, the carrying value of the investment in Autorama is sensitive to change, as disclosed in note 3.

Share-based payments

The Company grants equity-settled share-based payments to certain employees, who are employed directly by subsidiary Group undertakings. The equity-settled share-based payments granted to employees across the Group are in respect of ordinary shares in the Company. The accounting policy covering the fair value calculation of these equity-settled share-based payments can be found in note 2 to the Consolidated financial statements. The Company is not reimbursed for the expense relating to equity-settled share-based payments granted to employees of its subsidiaries and therefore recognises an increase in investment in subsidiaries.

Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's shareholders. Where such shares are subsequently cancelled, the nominal value of the shares repurchased is deducted from share capital and transferred to a capital redemption reserve. Where the Group purchases its own equity share capital to hold in treasury, the consideration paid for the shares is shown as own shares held within equity.

Shares held by the Employee Share Option Trust

Shares in the Company held by the Employee Share Option Trust ('ESOT') are included in the balance sheet at cost as a deduction from equity.

Notes to the Company financial statements continued

1. ACCOUNTING POLICIES CONTINUED

Taxation

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

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Financial instruments

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

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

The Company recognises lifetime expected credit losses ('ECLs') for trade receivables and accrued income. The expected credit losses are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for any macro-economic factors. At 31 March 2023, ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. At 31 March 2024, ECLs continue to reflect macro-economic uncertainty around retailer profitability due to persistent high inflation, high interest rates and the upcoming UK general election which could lead to new political policies to which we would need to respond.

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

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

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. A financial liability is classified as at fair value through profit and loss if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition and measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities, including trade payables, are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Dividend distribution

Dividends to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders in the case of final dividends. In respect of interim dividends, these are recognised once paid.

2. DIRECTORS' EMOLUMENTS

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on pages 81 to 99.

3. INVESTMENTS IN SUBSIDIARIES

	2024 £m	2023 £m
At beginning of the period	**1,427.2**	1,224.9
Additions – acquisition of subsidiary	**–**	150.0
Additions – investment in subsidiary	**–**	10.0
Additions – share-based payments	**4.7**	3.5
Additions – share-based payments relating to acquisition	**10.4**	38.8
Additions – cash settlement of deferred consideration	**0.7**	–
Cost of investments	**1,443.0**	1,427.2
Impairment – investment in subsidiary	**(39.1)**	–
Net book value at end of the year	**1,403.9**	1,427.2

Subsidiary undertakings are disclosed within note 35 to the Consolidated financial statements. The Company directly owns shares in two subsidiaries, Auto Trader Holding Limited and Autorama UK Limited.

The £10.4m and £0.7m additions in the current period relate to the remaining deferred consideration which was fully settled in the year. The remaining additions relate to equity-settled share-based payments granted to the employees of subsidiary companies. The majority of additions in the prior year relate to the acquisition of a subsidiary, being the purchase of 100% of the share capital of Autorama UK Limited ('Autorama') of £150.0m, and a further investment of £10.0m.

3. INVESTMENTS IN SUBSIDIARIES CONTINUED

As disclosed in the prior year financial statements, there was limited headroom between the recoverable amount and the carrying value of the Autorama investment in the parent company at 31 March 2023, principally due to the requirement in the parent company to capitalise the £49.9m share-based payment charge relating to deferred consideration.

The recoverable amount of the investment in Autorama at 31 March 2024 has been determined using the methodology and assumptions disclosed in note 13 to the Consolidated financial statements, adjusted to include intercompany debt to reflect equity rather than enterprise value. This has resulted in an impairment charge of £39.1m (2023: £nil). The impairment charge reflects current assumptions about short term tighter supply in the new car market which, though expected to improve over time, impact the longer term forecast period. The sensitivities disclosed in note 13 to the Consolidated financial statements would, when applied to the recoverable amount of the investment in Autorama at 31 March 2024, increase the recorded impairment charge by a range of £18.5m to £41.6m.

No impairment indicators were identified for the investment in Auto Trader Holding Limited.

4. DEBTORS

	2024 £m	2023 £m
Amounts owed by Group undertakings	**301.1**	336.8
Other receivables	**0.3**	0.2
Deferred tax asset	**1.7**	1.1
Total	**303.1**	338.1

Amounts owed by Group undertakings are non-interest-bearing, unsecured and have no fixed date of repayment. These amounts are not expected to be settled in the next 12 months. All amounts are owed by Auto Trader Holding Limited. No expected credit loss has been recognised on the basis of immateriality.

5. CASH AND CASH EQUIVALENTS

	2024 £m	2023 £m
Cash at bank and in hand	**0.1**	0.3

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £m	2023 £m
Amounts owed to Group undertakings	**(1,115.8)**	903.3
Accruals and deferred income	**(2.5)**	2.2
Total	**(1,118.3)**	905.5

Amounts owed to Group undertakings are non-interest-bearing, unsecured and have no fixed date of repayment.

7. FINANCIAL INSTRUMENTS

Financial instruments utilised by the Company during the year ended 31 March 2024 and the year ended 31 March 2023 may be analysed as follows:

Financial assets	2024 £m	2023 £m
Financial assets measured at amortised cost	**301.4**	337.0

Financial liabilities	2024 £m	2023 £m
Financial liabilities measured at amortised cost	**1,118.3**	905.5

Current assets and liabilities

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short term in nature and accordingly their fair values approximate to their book values.

8. DIVIDENDS

Dividends declared and paid by the Company were as follows:

	2024		2023	
	Pence per share	£m	Pence per share	£m
2023 final dividend paid	**5.6**	**51.3**	5.5	51.7
2024 interim dividend paid	**3.2**	**29.1**	2.8	26.0
	8.8	**80.4**	8.3	77.7

The proposed final dividend for the year ended 31 March 2024 of 6.4p per share, totalling £58.4m, is subject to approval by shareholders at the Annual General Meeting ('AGM') and hence has not been included as a liability in the financial statements.

The 2023 final dividend paid on 22 September 2023 was £51.3m. The 2024 interim dividend paid on 26 January 2024 was £29.1m.

The Directors' policy with regard to future dividends is set out in the Financial review on page 24.

9. CALLED-UP SHARE CAPITAL

Share capital	2024 Number '000	2024 Amount £m	2023 Number '000	2023 Amount £m
Allotted, called-up and fully paid ordinary shares of 1p each				
At 1 April	**923,075**	**9.3**	946,893	9.5
Purchase and cancellation of own shares	**(23,711)**	**(0.2)**	(23,831)	(0.2)
Issue of shares	**7,850**	**0.1**	13	0.0
Total	**907,214**	**9.2**	923,075	9.3

In the year ended 31 March 2017, the Company commenced a share buyback programme. By resolutions passed at the 2023 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 92,019,875 of its ordinary shares, subject to minimum and maximum price restrictions. In the year ended 31 March 2024, a total of 25,207,430 ordinary shares of £0.01 were purchased. The average price paid was 673.0p with a total consideration paid (including fees of £0.9m) of £170.8m. Of all shares purchased, 1,496,445 were held in treasury with 23,710,985 being cancelled. In the year ended 31 March 2024, 7,849,782 ordinary shares were issued for the settlement of share-based payments.

Included within shares in issue at 31 March 2024 are 312,831 (2023: 340,196) shares held by the ESOT and 4,899,346 (2023: 4,371,505) shares held in treasury, as detailed in note 10.

10. OWN SHARES HELD

Own shares held – £m	ESOT shares reserve £m	Treasury shares £m	Total £m
Own shares held as at 31 March 2022	(0.4)	(22.0)	(22.4)
Repurchase of own shares for treasury	–	(8.7)	(8.7)
Share-based incentives	–	5.1	5.1
Own shares held as at 31 March 2023	(0.4)	(25.6)	(26.0)
Repurchase of own shares for treasury	–	(11.1)	(11.1)
Share-based incentives	–	5.8	5.8
Own shares held as at 31 March 2024	**(0.4)**	**(30.9)**	**(31.3)**

Own shares held – number	ESOT shares reserve Number of shares	Treasury shares Number of shares	Total number of own shares held
Own shares held as at 31 March 2022	358,158	3,826,928	4,185,086
Transfer of shares from ESOT	(17,962)	–	(17,962)
Repurchase of own shares for treasury	–	1,430,372	1,430,372
Share-based incentives exercised in the year	–	(885,795)	(885,795)
Own shares held as at 31 March 2023	340,196	4,371,505	4,711,701
Transfer of shares from ESOT	(27,365)	–	(27,365)
Repurchase of own shares for treasury	–	1,496,445	1,496,445
Share-based incentives exercised in the year	–	(968,604)	(968,604)
Own shares held as at 31 March 2024	**312,831**	**4,899,346**	**5,212,177**

11. RELATED PARTIES

During the year, a management charge of £6.7m (2023: £5.9m) was received from Auto Trader Limited in respect of services rendered.

At the year end, balances outstanding with other Group undertakings were £301.2m and £1,115.8m respectively for debtors and creditors (2023: £336.8m and £903.3m) as set out in notes 4 and 6.

12. FINANCIAL GUARANTEES

In the prior period the Company became a financial guarantor for the arrangement between Autorama UK Limited and its vehicle stocking loan provider, Lombard North Central PLC. As at 31 March 2024, the maximum amount the Company would be required to pay if called upon is £3.6m, plus interest (2023: £3.6m).

The Company is also a guarantor for borrowings by its subsidiaries under the Senior Revolving Facility. As at 31 March 2024, the maximum amount the Company would be required to pay if called upon is the amount drawn of £30.0m plus accrued interest (2023: £60.0m).

The fair value of the above intra-group guarantees has not been recorded as a liability in the Company's balance sheet as they are not considered to be a material liability.

Unaudited five-year record

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Trade	**475.7**	427.4	388.3	225.2	324.3
Consumer Services	**39.6**	34.5	33.3	26.6	28.3
Manufacturer and Agency	**14.4**	11.1	11.1	11.0	16.3
Autorama	**41.2**	27.2	–	–	–
Revenue	**570.9**	500.2	432.7	262.8	368.9
Operating costs	**(225.0)**	(225.1)	(132.0)	(104.0)	(113.2)
Share of profit from joint ventures	**2.8**	2.5	2.9	2.4	3.2
Operating profit	**348.7**	277.6	303.6	161.2	258.9
Net interest expense	**(3.5)**	(3.1)	(2.6)	(3.8)	(7.4)
Profit on disposal of subsidiary	**–**	19.1	–	–	–
Profit before taxation	**345.2**	293.6	301.0	157.4	251.5
Taxation	**(88.3)**	(59.7)	(56.3)	(29.6)	(46.4)
Profit after taxation	**256.9**	233.9	244.7	127.8	205.1
Net assets	**552.3**	527.3	472.5	458.7	141.6
Net bank debt/(cash) (gross bank debt less cash)	**11.3**	43.4	(51.3)	(15.7)	275.4
Cash generated from operations	**379.0**	327.4	328.1	152.9	265.5
Basic EPS (pence)	**28.2**	25.0	25.6	13.2	22.2
Diluted EPS (pence)	**28.1**	24.8	25.6	13.2	22.1
Dividends declared per share (pence)	**9.6**	8.4	8.2	5.0	2.4

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FINANCIAL CALENDAR 2024–2025

Annual General Meeting	19 September 2024
2025 half-year results	7 November 2024
2025 full-year results	May 2025

SHAREHOLDER ENQUIRIES
Our registrar will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively, if you have internet access, you can access shareview.co.uk where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries or amendment to address.

INVESTOR RELATIONS WEBSITE
The investor relations section of our website, plc.autotrader.co.uk/investors, provides further information for anyone interested in Auto Trader. In addition to the Annual Report and Financial Statements and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS
Certain statements in this announcement constitute forward looking statements (including beliefs or opinions). 'Forward looking statements' are sometimes identified by the use of forward looking terminology, including the terms 'believes', 'estimates', 'aims', 'anticipates', 'expects', 'intends', 'plans', 'predicts', 'may', 'will', 'could', 'shall', 'risk', 'targets', 'forecasts', 'should', 'guidance', 'continues', 'assumes' or 'positioned' or, in each case, their negative or other variations or comparable terminology. Any statement in this announcement that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward looking statement. Such forward looking statements are subject to known and unknown risks and uncertainties, because they relate to events that may or may not occur in the future, that may cause actual results to differ materially from those expressed or implied by such forward looking statements. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this results announcement. As a result, you are cautioned not to place reliance on such forward looking statements, which are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in or suggested by the forward looking statements set out in this announcement. Except as is required by applicable laws and regulatory obligations, no undertaking is given to update the forward looking statements contained in this announcement, whether as a result of new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast. This announcement has been prepared for the Company's group as a whole and, therefore, gives greater emphasis to those matters which are significant to the Company and its subsidiary undertakings when viewed as a whole.