Independent auditors' report to the members of Auto Trader Group plc only

1. Our opinion is unmodified

We have audited the financial statements of Auto Trader Group plc for the year ended 31 March 2019 which comprise the Group Consolidated Balance Sheet and Parent Company Balance Sheet, the Group Consolidated Income Statement and Group Statement of Comprehensive Income, the Group Consolidated Statement of Cash Flows, the Group and Parent Company's Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 is consistent with our report to the Audit Committee.

We were first appointed as auditor by the shareholders on 22 September 2016. The period of total uninterrupted engagement is for the three financial years ended 31 March 2019. 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. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: Group financial statements as a whole	£9.6m (2018: £8.0m) 4.0% (2018: 3.7%) of Group profit before tax	
Coverage	100% (2018: 100%) of Group profit before tax	
Risks of material misstatement		**vs 2018**
Recurring risks	Revenue recognition	◄►
	Recoverability of Parent Company's investment in subsidiary	◄►

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Revenue recognition (£355.1 million; 2018: £330.1 million) Refer to page 60 (Audit Committee Report), page 90 (accounting policy) and page 102 (financial disclosures)	**Data processing** Revenue primarily consists of fees for advertising on the Group's website. There are a large volume of transactions, a wide variety of packages available and retailers have the ability to bespoke the combination of products they receive over time. On the basis that the packages available within the SingleView revenue stream are updated manually by Auto Trader personnel over time, we consider a significant risk exists in relation to revenue recognition both in respect of fraud and error.	Our procedures included: - **Data comparisons:** Using computer assisted audit techniques to match sales information from the billing system to the accounting records; - **Tests of details:** Using computer assisted audit techniques to match entire population of billings to cash received during the year and trade debtors outstanding at the year end. Selecting a sample of trade debtors and assessing their recoverability with reference to post year end cash receipts; - **Expectation vs outcome:** For customers with bespoke contracts, obtaining these contracts and forming an expectation of the revenue to be recognised in the period, comparing this to the actual; - **Tests of details:** Selecting a sample of transactions recorded within a month before and after the period end and assessing whether revenue has been recognised in the correct period with reference to supporting invoices and cash receipts; - **Tests of details:** Assessing the appropriateness of accrued income at the year end with reference to post year end billings and cash receipts. Assessing the appropriateness of deferred income at the year end with reference to the prior year and our knowledge of the billing pattern of each revenue stream; - **Tests of details:** Performing a review of credit notes raised in the year and post year end to assess the adequacy of the credit note provision and that revenue is not overstated; and - **Analytic sampling:** Obtaining all journals posted to revenue and, using computer assisted audit techniques, analysing these to identify those with unusual attributes or those with corresponding postings to unexpected accounts. Agreeing any journals identified back to relevant supporting documentation. **Our results:** - We found the amount of revenue recognised to be acceptable (2018: acceptable).

	The risk	Our response
Recoverability of parent company's investment in subsidiary (£1,216.0 million ; 2018: £1,212.9 million) Refer to page 60 (Audit Committee Report), page 132 (accounting policy) and page 135 (financial disclosures).	**Low risk, high value:** The carrying amount of the parent company's investment in subsidiary represents 95% (2018: 73%) of the company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.	Our procedures included: – **Comparing valuations:** comparing the carrying amount of the investment to the market capitalisation of the Group, as all of the Group's trading operations are contained within the subsidiary and its subgroup. **Our results :** – We found the Parent Company's assessment of the recoverability of the investment in subsidiary to be acceptable (2018 result: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £9.6m (2018: £8.0m), determined with reference to a benchmark of Group profit before tax of £242.2m (2018: £210.7m), of which it represents 4.0% (2018: 3.8%).

The materiality of the Parent Company financial statements as a whole was set at £5.0m (2018: £5.0m), determined with reference to a benchmark of Parent Company net assets, of which it represents 0.4% (2018: 0.4%).

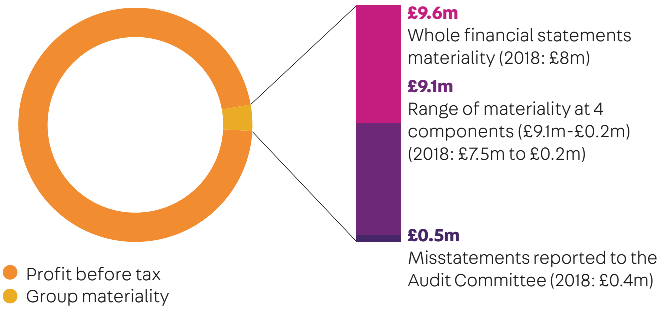
We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.5m (2018: £0.4m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 4 (2018: 4) reporting components, we subjected 4 (2018: 4) to full scope audits for Group purposes, all of which were performed by the Group audit team.

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

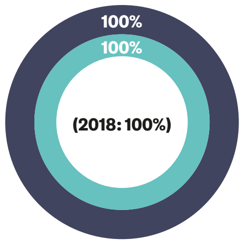
Profit before tax
£242.2m (2018: £210.7m)

Group materiality
£9.6m (2018: £8m)

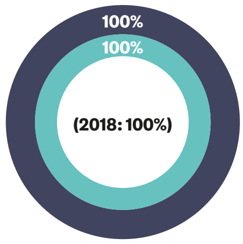


- Profit before tax
- Group materiality

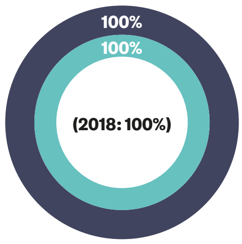
Group revenue
%



Group profit before tax
%



Group total assets
%



- Full scope for Group audit purposes 2019
- Full scope for Group audit purposes 2018

4. We have nothing to report on going concern

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

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's 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.

We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 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 Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 77 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

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

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

Strategic Report and Directors' Report

Based solely on our work on the other information:

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

Directors' Remuneration Report

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

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability statement page 34 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks 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.

Under the Listing Rules we are required to review the Viability statement. We have nothing to report in this respect.

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 Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit 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; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

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

– adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
– the parent Company financial statements 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 77, 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.

Auditors' 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 other irregularities (see below), or error, and to issue our opinion in an auditors' 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, other irregularities 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.

Irregularities – ability to detect

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 other irregularities (see below), or error, and to issue our opinion in an auditors' 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, other irregularities 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.

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 , through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 (irregularities) 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 irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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.

Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
6 June 2019

Consolidated income statement

For the year ended 31 March 2019

	Note	2019 £m	(Restated)[1] 2018 £m
Revenue	5	**355.1**	330.1
Administrative expenses		**(112.3)**	(108.8)
Share of profit from joint ventures	16	**0.9**	–
Operating profit	6	**243.7**	221.3
Finance costs	9	**(10.2)**	(10.6)
Profit on the sale of subsidiary	10	**8.7**	–
Profit before taxation		**242.2**	210.7
Taxation	11	**(44.5)**	(39.6)
Profit for the year attributable to equity holders of the parent		**197.7**	171.1
Basic earnings per share	12		
From profit for the year (pence per share)		**21.00**	17.74
Diluted earnings per share	12		
From profit for the year (pence per share)		**20.94**	17.68

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

Consolidated statement of comprehensive income

For the year ended 31 March 2019

	Note	2019 £m	(Restated)[1] 2018 £m
Profit for the year		**197.7**	171.1
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(0.1)**	0.2
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	24	**0.2**	–
Other comprehensive income for the year, net of tax		**0.1**	0.2
Total comprehensive income for the year attributable to equity holders of the parent		**197.8**	171.3

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

Consolidated balance sheet

At 31 March 2019

	Note	2019 £m	(Restated)[1] 2018 £m
Assets			
Non-current assets			
Intangible assets	13	**317.5**	329.8
Property, plant and equipment	14	**16.7**	19.7
Deferred taxation assets	23	**6.2**	5.3
Net investments in joint ventures	16	**49.0**	–
		389.4	354.8
Current assets			
Trade and other receivables	18	**56.1**	54.9
Cash and cash equivalents	19	**5.9**	4.3
		62.0	59.2
Total assets		**451.4**	414.0
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	25	**9.3**	9.5
Retained earnings		**1,095.8**	1,042.7
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)
Own shares held	26	**(16.5)**	(16.9)
Capital redemption reserve		**0.7**	0.5
Other reserves		**30.5**	30.6
Total equity		**59.0**	5.6
Liabilities			
Non-current liabilities			
Borrowings	21	**310.3**	340.8
Deferred taxation liabilities	23	**0.5**	0.7
Retirement benefit obligations	24	**–**	–
Provisions for other liabilities and charges	22	**1.0**	–
Lease liabilities	15	**14.3**	16.0
		326.1	357.5
Current liabilities			
Trade and other payables	20	**41.8**	28.5
Current income tax liabilities		**22.4**	19.9
Lease liabilities	15	**1.8**	2.2
Provisions for other liabilities and charges	22	**0.3**	0.3
		66.3	50.9
Total liabilities		**392.4**	408.4
Total equity and liabilities		**451.4**	414.0

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

The financial statements were approved by the Board of Directors on 6 June 2019 and authorised for issue.

Nathan Coe
Chief Financial Officer and Chief Executive Officer-designate
Auto Trader Group plc

Registered number 09439967

Consolidated statement of changes in equity

For the year ended 31 March 2019

	Note	Share capital £m	Retained earnings £m	Own shares held £m	Capital reorganisation reserve £m	Capital redemption reserve £m	Other reserves £m	Total equity £m
Balance at March 2017 as previously reported		**9.8**	**1,015.9**	**(16.9)**	**(1,060.8)**	**0.2**	**30.4**	**(21.4)**
Impact in change of accounting policy		–	1.2	–	–	–	–	1.2
Restated balance at 31 March 2017		**9.8**	**1,017.1**	**(16.9)**	**(1,060.8)**	**0.2**	**30.4**	**(20.2)**
Profit for the year (restated)		–	171.1	–	–	–	–	171.1
Other comprehensive income:								
Currency translation differences		–	–	–	–	–	0.2	0.2
Total comprehensive income, net of tax		–	171.1	–	–	–	0.2	171.3
Transactions with owners								
Employee share schemes – value of employee services	29	–	3.3	–	–	–	–	3.3
Deferred tax on share-based payments	23	–	0.1	–	–	–	–	0.1
Cancellation of shares	25	(0.3)	(96.7)	–	–	0.3	–	(96.7)
Dividends paid	27	–	(52.2)	–	–	–	–	(52.2)
Total transactions with owners, recognised directly in equity		(0.3)	(145.5)	–	–	0.3	–	(145.5)
Balance at March 2018 (restated)[1]		**9.5**	**1,042.7**	**(16.9)**	**(1,060.8)**	**0.5**	**30.6**	**5.6**
Profit for the year		–	197.7	–	–	–	–	197.7
Other comprehensive income:								
Currency translation differences		–	–	–	–	–	(0.1)	(0.1)
Remeasurements of post-employment benefit obligations	24	–	0.2	–	–	–	–	0.2
Total comprehensive income, net of tax		–	197.9	–	–	–	(0.1)	197.8
Transactions with owners								
Employee share schemes – value of employee services	29	–	4.7	–	–	–	–	4.7
Exercise of employee share schemes		–	(3.7)	5.6	–	–	–	1.9
Transfer of shares from ESOT	26	–	(0.6)	0.6	–	–	–	–
Tax impact of employee share schemes		–	0.6	–	–	–	–	0.6
Cancellation of shares	25	(0.2)	(88.2)	–	–	0.2	–	(88.2)
Acquisition of treasury shares	26	–	–	(5.8)	–	–	–	(5.8)
Dividends paid	27	–	(57.6)	–	–	–	–	(57.6)
Total transactions with owners, recognised directly in equity		(0.2)	(144.8)	0.4	–	0.2	–	(144.4)
Balance at March 2019		**9.3**	**1,095.8**	**(16.5)**	**(1,060.8)**	**0.7**	**30.5**	**59.0**

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

Consolidated statement of cash flows

For the year ended 31 March 2019

	Note	2019 £m	(Restated)[1] 2018 £m
Cash flows from operating activities			
Cash generated from operations	28	**258.5**	228.4
Income taxes paid		**(42.2)**	(39.4)
Net cash generated from operating activities		**216.3**	189.0
Cash flows from investing activities			
Purchases of intangible assets – financial systems		**(0.3)**	(0.3)
Purchases of intangible assets – other		**(0.3)**	(0.3)
Purchases of property, plant and equipment		**(1.7)**	(2.3)
Payment for acquisition of shares in joint ventures	16	**(19.7)**	–
Payment for acquisition of subsidiary, net of cash acquired	30	**–**	(11.9)
Net cash used in investing activities		**(22.0)**	(14.8)
Cash flows from financing activities			
Dividends paid to Company's shareholders	27	**(57.6)**	(52.2)
Repayment of Syndicated Term Loan	21	**(343.0)**	(20.0)
Drawdown of Syndicated revolving credit facility	21	**447.1**	–
Repayment of Syndicated revolving credit facility	21	**(134.1)**	–
Payment of refinancing fees	21	**(3.3)**	–
Payment of interest on borrowings	32	**(6.6)**	(6.7)
Payment of lease liabilities		**(3.1)**	(2.3)
Purchase of own shares for cancellation	25	**(87.7)**	(96.2)
Purchase of own shares for treasury	26	**(5.8)**	–
Payment of fees on repurchase of own shares	25	**(0.5)**	(0.5)
Proceeds from exercise of share-based incentives		**1.9**	–
Net cash used in financing activities		**(192.7)**	(177.9)
Net decrease in cash and cash equivalents		**1.6**	(3.7)
Cash and cash equivalents at beginning of year	19	**4.3**	8.0
Cash and cash equivalents at end of year	19	**5.9**	4.3

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

Notes to the consolidated financial statements
continued

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 2019 comprise the Company and its interest in subsidiaries (together referred to as the Group).

The consolidated financial statements of the Group as at and for the year ended 31 March 2019 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 International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), IFRS Interpretation Committee ('IFRS IC'), certain interpretations as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS.

This is the first set of the Group's full financial statements where IFRS 9, IFRS 15 and IFRS 16 have been applied. Changes to significant accounting policies are described in note 2.

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

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.

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

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.

During the year the Group disposed of a subsidiary (Auto Trader Auto Stock Ltd) as part consideration for the interest in the joint venture (Dealer Auction (Holdings) Ltd). As part of this transaction, the Group has elected to apply the IAS 28 approach. Under this approach, the gain or loss is eliminated to the extent of the retained interest in the former subsidiary.

Going concern
Throughout the year ended 31 March 2019 the Group has continued to generate significant cash and has an overall positive net asset position. The Group had cash balances of £5.9m at 31 March 2019 (2018: £4.3m). During the year £151.1m (2018: £148.4m) of cash was returned to shareholders via dividends and discretionary share buybacks.

During the year the Group entered into a five-year Syndicated revolving credit facility and repaid the former Syndicated Term Loan. The facility has total commitments of £400.0m and a termination date of June 2023. At 31 March 2019 the Group had £313.0m of the facility drawn (2018: £343.0m under Syndicated Term Loan).

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.

1. General information continued

Accounting estimates and judgements
The preparation of financial statements in conformity with IFRS 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 which are critical to the reporting of results of operations and financial position.

The accounting estimates believed to require the most difficult, subjective or complex judgements are as follows:

- carrying values of goodwill; and
- share-based payments.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated within note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates (note 13).

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value and the Directors have therefore made estimates with regard to the inputs to that model and the period over which the share award is expected to vest (note 29).

2. Significant accounting policies

Changes in significant accounting policies
(a) New and amended standards adopted by the Group
The following new standards, and amendments to standards, have been adopted by the Group for the first time for the financial year beginning on 1 April 2018:

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

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

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

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

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

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

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

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

2. Significant accounting policies continued

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 16 Leases

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

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

Accounting policy for leases

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The weighted average incremental borrowing rate used to measure the lease liability at initial application was 4.9%.

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

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

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

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

IFRS 9 Financial instruments

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

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

Accounting policy for financial instruments

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

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

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

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

2. Significant accounting policies continued

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

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

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 1 April 2018.

	Loss rate %	Gross	Loss	Net
Current	0.5%	22.0	0.1	21.9
Past due 1–30 days	0.8%	2.9	–	2.9
Past due 31–60 days	2.5%	0.5	–	0.5
Past due 61–90 days	35.0%	–	–	–
More than 91 days past due	97.1%	3.4	3.3	0.1
		28.8	3.4	25.4

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

Accounting policy for financial instruments in 2018
The Group classifies its financial assets in the categories of loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to the income statement.

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

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

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

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

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

Impact on the Consolidated statement of comprehensive income

	Note	2019 £m Under previous policy £m	2019 £m IFRS 16 adjustments £m	2019 £m 2019 Reported £m	2018 £m As previously reported £m	2018 £m IFRS 16 adjustments £m	2018 £m 2018 Restated £m
Revenue	5	**355.1**	**–**	**355.1**	330.1	–	330.1
Administrative expenses		**(113.0)**	**0.7**	**(112.3)**	(109.5)	0.7	(108.8)
Share of profit from joint ventures	16	**0.9**	**–**	**0.9**	–	–	–
Operating profit	6	**243.0**	**0.7**	**243.7**	220.6	0.7	221.3
Finance costs	9	**(9.3)**	**(0.9)**	**(10.2)**	(9.8)	(0.8)	(10.6)
Profit on disposal of subsidiary, net of tax	10	**8.7**	**–**	**8.7**	–	–	–
Profit before taxation		**242.4**	**(0.2)**	**242.2**	210.8	(0.1)	210.7
Taxation	11	**(44.5)**	**–**	**(44.5)**	(39.5)	(0.1)	(39.6)
Profit for the year		**197.9**	**(0.2)**	**197.7**	171.3	(0.2)	171.1
Other comprehensive income for the year, net of tax		**0.1**	**–**	**0.1**	0.2	–	0.2
Total comprehensive income for the year attributable to equity holders of the parent		**198.0**	**(0.2)**	**197.8**	171.5	(0.2)	171.3

	Note	2019 Under previous policy	2019 IFRS 16 adjustments	2019 Reported	2018 As previously reported	2018 IFRS 16 adjustments	2018 Restated
Basic earnings per share	12	**21.02**	**(0.02)**	**21.00**	17.76	(0.02)	17.74
Diluted earnings per share	12	**20.96**	**(0.02)**	**20.94**	17.70	(0.02)	17.68

Notes to the consolidated financial statements
continued

2. Significant accounting policies continued

Impact on the Consolidated balance sheet

		2019 £m			2018 £m		
	Note	Under previous policy £m	IFRS 16 adjustments £m	2019 Reported £m	As previously reported £m	IFRS 16 adjustments £m	2018 Restated £m
Assets							
Non-current assets							
Intangible assets	13	**317.5**	**–**	**317.5**	329.8	–	329.8
Property, plant and equipment	14	**4.8**	**11.9**	**16.7**	6.0	13.7	19.7
Deferred taxation assets	23	**5.9**	**0.3**	**6.2**	5.1	0.2	5.3
Net investments in joint ventures	16	**49.0**	**–**	**49.0**	–	–	–
		377.2	**12.2**	**389.4**	340.9	13.9	354.8
Current assets							
Trade and other receivables	18	**56.7**	**(0.6)**	**56.1**	55.5	(0.6)	54.9
Cash and cash equivalents	19	**5.9**	**–**	**5.9**	4.3	–	4.3
		62.6	**(0.6)**	**62.0**	59.8	(0.6)	59.2
Total assets		**439.8**	**11.6**	**451.4**	400.7	13.3	414.0
Equity and liabilities							
Equity attributable to equity holders of the parent							
Share capital	25	**9.3**	**–**	**9.3**	9.5	–	9.5
Retained earnings		**1,094.9**	**0.9**	**1,095.8**	1,041.7	1.0	1,042.7
Capital reorganisation reserve		**(1,060.8)**	**–**	**(1,060.8)**	(1,060.8)	–	(1,060.8)
Own shares held	26	**(16.5)**	**–**	**(16.5)**	(16.9)	–	(16.9)
Capital redemption reserve		**0.7**	**–**	**0.7**	0.5	–	0.5
Other reserves		**30.5**	**–**	**30.5**	30.6	–	30.6
Total equity		**58.1**	**0.9**	**59.0**	4.6	1.0	5.6
Liabilities							
Non-current liabilities							
Borrowings	21	**310.3**	**–**	**310.3**	340.8	–	340.8
Deferred taxation liabilities	23	**0.5**	**–**	**0.5**	0.7	–	0.7
Retirement benefit obligations	24	**–**	**–**	**–**	–	–	–
Provisions for other liabilities and charges	22	**1.1**	**(0.1)**	**1.0**	1.1	(1.1)	–
Lease liabilities	15	**–**	**14.3**	**14.3**	–	16.0	16.0
		311.9	**14.2**	**326.1**	342.6	14.9	357.5
Current liabilities							
Trade and other payables	20	**47.1**	**(5.3)**	**41.8**	33.3	(4.8)	28.5
Current income tax liabilities		**22.4**	**–**	**22.4**	19.9	–	19.9
Lease liabilities	15	**–**	**1.8**	**1.8**	–	2.2	2.2
Provisions for other liabilities and charges	22	**0.3**	**–**	**0.3**	0.3	–	0.3
		69.8	**(3.5)**	**66.3**	53.5	(2.6)	50.9
Total liabilities		**381.7**	**10.7**	**392.4**	396.1	12.3	408.4
Total equity and liabilities		**439.8**	**11.6**	**451.4**	400.7	13.3	414.0

Impact on the Consolidated statement of cash flows

		2019 £m			2018 £m		
	Note	Under previous policy £m	IFRS 16 adjustments £m	2019 Reported £m	As previously reported £m	IFRS 16 adjustments £m	2018 Restated £m
Profit for the year		**242.4**	**(0.2)**	**242.2**	210.8	(0.1)	210.7
Adjustments for:							
Depreciation	14	**2.9**	**2.0**	**4.9**	3.0	1.9	4.9
Amortisation	13	**4.0**	**–**	**4.0**	4.1	–	4.1
Share-based payments charge (excluding associated NI)		**4.7**	**–**	**4.7**	3.3	–	3.3
Share of profit in joint ventures	16	**(0.9)**	**–**	**(0.9)**	–	–	–
Profit on sale of fixed assets		**0.1**	**–**	**0.1**	–	–	–
Difference between pension charge and cash contributions		**0.3**	**–**	**0.3**	–	–	–
Finance costs	9	**9.3**	**0.9**	**10.2**	9.8	0.8	10.6
Profit on disposal of subsidiary	10	**(8.7)**	**–**	**(8.7)**	–	–	–
Changes in working capital (excluding the effects of exchange differences on consolidation):							
Trade and other receivables		**(1.5)**	**–**	**(1.5)**	(3.5)	0.6	(2.9)
Trade and other payables		**1.8**	**0.4**	**2.2**	(1.5)	(0.8)	(2.3)
Provisions		**1.0**	**–**	**1.0**	0.1	(0.1)	–
Cash generated from operations	28	**255.4**	**3.1**	**258.5**	226.1	2.3	228.4
Tax paid		**(42.2)**	**–**	**(42.2)**	(39.4)	–	(39.4)
Net cash generated from operating activities		**213.2**	**3.1**	**216.3**	186.7	2.3	189.0
Cash flows from investing activities							
Purchases of intangible assets – financial systems		**(0.3)**	**–**	**(0.3)**	(0.3)	–	(0.3)
Purchases of intangible assets – other		**(0.3)**	**–**	**(0.3)**	(0.3)	–	(0.3)
Purchases of property, plant and equipment		**(1.7)**	**–**	**(1.7)**	(2.3)	–	(2.3)
Payment for acquisition of shares in joint ventures	16	**(19.7)**	**–**	**(19.7)**	–	–	–
Payment for acquisition of subsidiary, net of cash acquired	30	**–**	**–**	**–**	(11.9)	–	(11.9)
Net cash used in investing activities		**(22.0)**	**–**	**(22.0)**	(14.8)	–	(14.8)
Cash flows from financing activities							
Dividends paid to Company's shareholders	27	**(57.6)**	**–**	**(57.6)**	(52.2)	–	(52.2)
Repayment of Syndicated Term Loan	21	**(343.0)**	**–**	**(343.0)**	(20.0)	–	(20.0)
Drawdown of Syndicated revolving credit facility	21	**447.1**	**–**	**447.1**	–	–	–
Repayment of Syndicated revolving credit facility	21	**(134.1)**	**–**	**(134.1)**	–	–	–
Payment of refinancing fees	21	**(3.3)**	**–**	**(3.3)**	–	–	–
Payment of interest on borrowings	32	**(6.6)**	**–**	**(6.6)**	(6.7)	–	(6.7)
Payment of lease liabilities		**–**	**(3.1)**	**(3.1)**	–	(2.3)	(2.3)
Purchase of own shares for cancellation		**(87.7)**	**–**	**(87.7)**	(96.2)	–	(96.2)
Purchase of own shares for treasury		**(5.8)**	**–**	**(5.8)**	–	–	–
Payment of fees on repurchase of own shares		**(0.5)**	**–**	**(0.5)**	(0.5)	–	(0.5)
Proceeds from exercise of share-based payments		**1.9**	**–**	**1.9**	–	–	–
Net cash used in financing activities		**(189.6)**	**(3.1)**	**(192.7)**	(175.6)	(2.3)	(177.9)
Net decrease in cash and cash equivalents		**1.6**	**–**	**1.6**	(3.7)	–	(3.7)
Cash and cash equivalents at beginning of year	19	**4.3**	**–**	**4.3**	8.0	–	8.0
Cash and cash equivalents at end of year	19	**5.9**	**–**	**5.9**	4.3	–	4.3

2. Significant accounting policies continued

The following accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2018.

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 and customer relationships
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 and customer relationships acquired in a business combination are recognised at fair value at the acquisition date and subsequently amortised.

c) Software
Acquired computer software 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 five years) at the point in which they come into use.

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

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.

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, short-term deposits held on call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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 obligation under the liability is discharged, cancelled or expired. 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 de-recognition 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.

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.

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).

2. Significant accounting policies continued

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.

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 are 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 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. 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 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.

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
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.

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 comprise the currency translation reserve on the consolidation of entities whose functional currency is other than sterling.

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.

Foreign currency translation
a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. 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.

b) 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.

c) Group companies
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.

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.

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 above 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 99% of the Group's revenue and 97% of costs are sterling-denominated. As the amounts are not significant, no sensitivity analysis has been presented.

The Group operates in Ireland. Foreign currency-denominated net assets of overseas operations are not hedged as they represent a relatively small proportion of the Group's net assets. The Group operates a dividend policy, ensuring any surplus cash is remitted to the UK and translated into sterling, thereby minimising the impact of exchange rate volatility.

ii. Interest rate risk
The Group's interest rate risk arises from long-term borrowings under the Syndicated revolving credit facility with floating rates of interest linked to LIBOR. The Group monitors interest rates on an ongoing basis but does not currently hedge interest rate risk. The variation in the interest rate of floating rate financial liabilities (with all other variables held constant) required to increase or decrease post-tax profit for the year by £1.0 million is 39 basis points (2018: 36 basis points).

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 customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that existing customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. More than 82.0% (2018: 80.0%) of the Group's Retailer customers pay via monthly direct debit, minimising the risk of non-payment.

Sales to private customers are primarily settled using major debit or credit cards which reduces the risk in this area.

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

ii. Cash and cash equivalents
As at 31 March 2019, the Group held cash and cash equivalents of £5.9m (2018: £4.3m). 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 and to ensure efficient management of the Group's Syndicated revolving credit facility.

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 Group treasury manager. 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.

During the year the Group entered into a five-year, £400.0m Syndicated revolving credit facility with a termination date of June 2023. The facility allows the Group access to cash at one working day's notice. At 31 March 2019, £313.0m was drawn under the Syndicated revolving credit facility.

On occasion, surplus cash held by operating entities over and above the balance required for working capital management is invested centrally in interest-bearing current accounts and money market deposits with appropriate maturities or sufficient liquidity as required by the above-mentioned forecasts.

Capital management
The Group considers capital to be net debt plus total equity. Net debt is calculated as total bank debt and lease financing, less unamortised debt fees and cash and cash equivalents as shown in note 32. Total equity is as shown in the Consolidated balance sheet.

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

	2019 £m	(Restated) 2018 £m
Total net debt	321.0	355.2
Total equity	59.0	5.6
Total capital	380.0	360.8

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

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 capital structure to optimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or take other steps to increase share capital and reduce or increase debt facilities.

As at 31 March 2019, the Group had borrowings of £313.0m (2018: £343.0m) through its Syndicated revolving credit facility (2018: Syndicated Term Loan). Interest is payable on this facility at a rate of LIBOR 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. 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 is only one operating segment, being the Group, as the information reported includes operating results at a consolidated Group level only. This reflects the nature of the business, where the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and are not attributable to any specific customer type or revenue stream. There is also considered to be only one reporting segment, which is the Group, the results of which are shown in the Consolidated income statement.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team ('OLT') which is the chief operating decision-maker ('CODM'). The OLT is made up of the Executive Directors and Key Management and is responsible for the strategic decision-making of the Group.

The OLT primarily uses the statutory measures of Revenue and Operating profit to assess the performance of the one operating segment. To assist in the analysis of the Group's revenue-generating trends, the OLT reviews revenue at a disaggregated level as detailed within note 5. The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement.

A reconciliation of the one segment's Operating profit to Profit before tax is shown below.

	2019 £m	(Restated) 2018 £m
Total segment Revenue	**355.1**	330.1
Total segment Operating profit	**243.7**	221.3
Finance costs – net	**(10.2)**	(10.6)
Profit on the sale of subsidiary	**8.7**	–
Profit before tax	**242.2**	210.7

Following the application of IFRS 16, profit before tax for the year ended 31 March 2018 has been restated (note 2).

4. Segmental information continued

Geographic information
The Group is domiciled in the UK and the following tables detail external revenue by location of customers, trade receivables and non-current assets (excluding deferred tax) by geographic area:

Revenue	2019 £m	2018 £m
UK	**349.9**	324.9
Ireland	**5.2**	5.2
Total revenue	**355.1**	330.1

Trade receivables	2019 £m	2018 £m
UK	**24.5**	24.9
Ireland	**0.4**	0.5
Total net trade receivables	**24.9**	25.4

Non-current assets (excluding deferred tax)	2019 £m	(Restated) 2018 £m
UK	**376.6**	342.6
Ireland	**6.6**	6.9
Total non-current assets (excluding deferred tax)	**383.2**	349.5

Due to the large number of customers the Group serves, there are no individual customers whose revenue is greater than 10% of the Group's total revenue in all periods presented in these financial statements.

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. The nature and effect of initially applying IFRS 15 on the Group's financial statements is disclosed in note 2.

Disaggregation of revenue
In the following table the Group's revenue is disaggregated by customer type. This level of disaggregation is consistent with that used by the OLT to assist in the analysis of the Group's revenue-generating trends.

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

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

	2019 £m	2018 £m
Receivables, which are included in trade and other receivables	**27.0**	28.8
Accrued income	**28.0**	26.7
Deferred income	**(13.2)**	(1.8)

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.

Deferred income relates to advanced consideration received for which revenue is recognised as or when services are provided. Included within deferred income is £11.2m (2018: £nil) relating to consideration received from Auto Trader Auto Stock Limited (which forms part of the Group's joint venture) for the provision of data services (note 16). Revenue relating to this service is recognised on a straight-line basis over a period of 20 years.

6. Operating profit

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group:

	Note	2019 £m	(Restated) 2018 £m
Staff costs	7	**(56.0)**	(54.5)
Contractor costs		**(0.4)**	(0.4)
Depreciation of property, plant and equipment	14	**(4.9)**	(4.9)
Amortisation of intangible assets	13	**(4.0)**	(4.1)
Profit on sale of property, plant and equipment		**0.1**	–

Following the application of IFRS 16, depreciation of property, plant and equipment has been restated for the year ended 31 March 2018 (note 2).

Services provided by the Company's auditors
During the year, the Group (including overseas subsidiaries) obtained the following services from the operating company's auditors:

	2019 £m	2018 £m
Fees payable for the audit of the Company and consolidated financial statements	**0.1**	0.1
Fees payable for other services:		
– the audit of the subsidiary undertakings pursuant to legislation	**0.2**	0.1
Total	**0.3**	0.2

7. Employee numbers and costs

The average monthly number of employees (including Executive Directors but excluding third-party contractors) employed by the Group was as follows:

	2019 Number	2018 Number
Customer operations	**370**	380
Product and technology	**317**	312
Corporate	**115**	130
Total	**802**	822

The aggregate payroll costs of these persons were as follows:

	2019 £m	2018 £m
Wages and salaries	**43.2**	44.1
Social security costs	**4.7**	4.8
Defined contribution pension costs (note 24)	**2.2**	1.9
	50.1	50.8
Share-based payments and associated NI (note 29)	**5.9**	3.7
Total	**56.0**	54.5

Wages and salaries include £17.3m (2018: £18.1m) relating to the product and technology teams; these teams spend a significant proportion of their time on research and development activities, including innovation of our product proposition and enhancements to the Group's platforms.

8. Directors and Key Management remuneration

The remuneration of Directors is disclosed in the Directors' remuneration report on pages 64 to 74:

Key Management compensation
During the year to 31 March 2019, Key Management comprised the members of the OLT and the Non-Executive Directors (2018: OLT and the Non-Executive Directors). The remuneration of all Key Management (including Directors) was as follows:

	2019 £m	2018 £m
Short-term employee benefits	**5.3**	4.9
Share-based payments	**3.5**	2.6
Termination benefits	–	0.1
Pension contributions	**0.2**	0.2
Total	**9.0**	7.8

9. Finance costs

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

Following the application of IFRS 16, finance costs for the year ended 31 March 2018 have been restated (note 2).

Amortisation of debt issue costs includes £0.6m relating to costs incurred for the Syndicated revolving credit facility and £2.2m relating to costs incurred for the former Senior Facilities Agreement. Debt issue costs incurred on the former Senior Facilities Agreement were accelerated in the year with an additional £2.0m recognised in the Consolidated income statement (2018: additional charge of £1.1m).

10. Disposal of a subsidiary

On 31 December 2018, the Group disposed of a subsidiary undertaking, Auto Trader Auto Stock Limited, as part of the consideration for shares in Dealer Auction (Holdings) Limited, a newly formed joint venture (note 16).

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

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

A profit on disposal has been recognised in the Group's Consolidated income statement:

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

11. Taxation

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

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

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

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

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

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 by the Employee Share Option Trust ('ESOT'), based on the profit for the year attributable to shareholders.

	Weighted average number of ordinary shares	Total earnings £m	Pence per share
Year ended 31 March 2019			
Basic EPS	**941,506,424**	**197.7**	**21.00**
Diluted EPS	**944,254,998**	**197.7**	**20.94**
Year ended 31 March 2018 (restated)			
Basic EPS	964,516,212	171.1	17.74
Diluted EPS	967,912,689	171.1	17.68

12. Earnings per share continued

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

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

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. The Group has potentially dilutive ordinary shares arising from share options granted to employees. Options are dilutive under the Sharesave scheme where the exercise price together with the future IFRS 2 charge is less than the average market price of the ordinary shares during the year. Options under the Performance Share Plan, Single Incentive Plan Award, 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.

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	Other £m	Total £m
Cost					
At 31 March 2017	434.1	54.6	12.3	13.3	**514.3**
Acquired through a business combination	8.5	0.4	–	3.8	**12.7**
Additions	–	0.3	0.3	–	**0.6**
Exchange differences	0.2	–	–	–	**0.2**
At 31 March 2018	442.8	55.3	12.6	17.1	**527.8**
Additions	–	0.3	0.3	–	**0.6**
Disposals	(12.4)	(42.4)	–	(1.3)	**(56.1)**
Exchange differences	(0.1)	–	–	–	**(0.1)**
At 31 March 2019	**430.3**	**13.2**	**12.9**	**15.8**	**472.2**
Accumulated amortisation and impairments					
At 31 March 2017	120.8	53.8	6.5	12.8	**193.9**
Amortisation charge	–	0.6	2.4	1.1	**4.1**
At 31 March 2018	120.8	54.4	8.9	13.9	**198.0**
Amortisation charge	–	0.6	2.4	1.0	**4.0**
Disposals	(3.9)	(42.2)	–	(1.3)	**(47.4)**
Exchange differences	0.1	–	–	–	**0.1**
At 31 March 2019	**117.0**	**12.8**	**11.3**	**13.6**	**154.7**
Net book value at 31 March 2019	**313.3**	**0.4**	**1.6**	**2.2**	**317.5**
Net book value at 31 March 2018	**322.0**	**0.9**	**3.7**	**3.2**	**329.8**
Net book value at 31 March 2017	**313.3**	**0.8**	**5.8**	**0.5**	**320.4**

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 (three to fifteen years). The longest estimated useful life remaining at 31 March 2019 is five years.

For the year to 31 March 2019, the amortisation charge of £4.0m (2018: £4.1m) has been charged to administrative expenses in the income statement. At 31 March 2019, £0.1m (2018: £0.1m) of software and website development costs represented assets under construction. Amortisation of these assets will commence when they are brought into use.

In accordance with International Financial Reporting 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.

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. The recoverable amount of the CGU is determined from value-in-use calculations that use cash flow projections from the latest three-year plan. The carrying value of CGUs is the sum of goodwill, property, plant and equipment and intangibles and is as follows:

	2019 £m	(Restated) 2018 £m
Digital	**327.6**	342.6
Webzone	**6.6**	6.9
Total	**334.2**	349.5

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 each CGU and take into account the markets in which they operate. Key assumptions 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 budgeted period are extrapolated using the estimated growth rate stated into perpetuity which is consistent with industry reports. Other than as included in the financial budgets, it is assumed that there are no material adverse changes in legislation that would affect the forecast cash flows.

The pre-tax discount rate used within the recoverable amount calculations was 8.5% (2018: 8.0%) and is based upon the weighted average cost of capital reflecting specific principal risks and uncertainties. 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.

The same discount rate has been applied to both CGUs as the principal risks and uncertainties associated with the Group, as highlighted on pages 30 to 33, would also impact each CGU in a similar manner. The Board acknowledges that there are additional factors that could impact the risk profile of each CGU, which have been considered by way of sensitivity analysis performed as part of the annual impairment tests.

Key drivers to future growth rates are dependent on the Group's ability to maintain and grow income streams whilst effectively managing operating costs. 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. Where the value-in-use calculations suggest an impairment, the Board would consider alternative use values prior to realising any impairment, being the fair value less costs to dispose.

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

	2019	2018
Annual growth rate (after plan period)	**3.0%**	3.0%
Risk free rate of return	**3.0%**	3.0%
Market risk premium	**5.0%**	4.9%
Beta factor	**0.83**	0.79
Cost of debt	**3.3%**	3.3%

Having completed the 2019 impairment review, no impairment has been recognised in relation to the CGUs (2018: no impairment). Sensitivity analysis has been performed in assessing the recoverable amounts of goodwill. 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 CGUs.

14. Property, plant and equipment

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

Included within property, plant and equipment are £11.9m (2018: £13.7m) of assets recognised as leases under IFRS 16. Further details of these leases are disclosed in note 15. The depreciation expense of £4.9m for the year to 31 March 2019 (2018 restated: £4.9m) has been recorded in administrative expenses.

During the year, £5.1m (2018: £6.0m) worth of property, plant and equipment with £nil net book values were disposed of.

15. Leases

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

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

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

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

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented within note 31.

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

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

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.

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

	£m
Cash consideration	19.7
100% of the share capital of Auto Trader Auto Stock Limited (note 10)	28.4
Total consideration	**48.1**

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

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

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

	2019 £m
Non-current assets	**98.9**
Current assets	
Cash and cash equivalents	**0.2**
Other current assets	**6.9**
Total assets	**106.0**
Liabilities	
Current liabilities	**5.5**
Total liabilities	**5.5**
Net assets	**100.5**

	2019 £m
Revenues	**3.5**
Profit for the year	**1.8**
Total comprehensive income	**1.8**

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

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

	£m
Investment in IAUTOS Company Limited	
At 31 March 2019 and 31 March 2018	–

At April 2018, 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 strategic 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 loss-making with forecast future cash outflows.

18. Trade and other receivables

	2019 £m	(Restated) 2018 £m
Trade receivables	**27.0**	28.8
Less: provision for impairment of trade receivables	**(2.1)**	(3.4)
Net trade receivables	**24.9**	25.4
Accrued income	**28.0**	26.7
Prepayments	**2.9**	2.7
Other receivables	**0.3**	0.1
Total	**56.1**	54.9

Following the application of IFRS 16, trade and other receivables have been restated (note 2).

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.

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. Other receivables include £0.1m due from Auto Trader Auto Stock Limited, a related party (note 34).

Exposure credit risk and expected credit losses relating to trade and other receivables are disclosed in note 31.

19. Cash and cash equivalents

Cash at bank and in hand is denominated in the following currencies:

	2019 £m	2018 £m
Sterling	**5.8**	4.1
Euro	**0.1**	0.2
Cash at bank and in hand	**5.9**	4.3

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 0.3% (2018: 0.3%).

20. Trade and other payables

	2019 £m	(Restated) 2018 £m
Trade payables	**4.3**	3.7
Accruals	**10.5**	9.8
Other taxes and social security	**13.0**	11.8
Deferred income	**13.2**	1.8
Other payables	**0.3**	0.9
Accrued interest payable	**0.5**	0.5
Total	**41.8**	28.5

Following the application of IFRS 16, trade and other payables for the year ended 31 March 2018 have been restated (note 2).

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.

21. Borrowings

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

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

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

The carrying amounts of borrowings approximate their fair values.

Syndicated revolving credit facility ('Syndicated RCF')
On 6 June 2018, the Company and a subsidiary undertaking, Auto Trader Holding Limited, signed a new Syndicated revolving credit facility (the 'Syndicated RCF') to replace the former Syndicated Term Loan and former revolving credit facility. The Syndicated RCF, which is unsecured, has total commitments of £400.0m and a termination date of June 2023. There is no requirement to settle all or part of the facility before the termination date of June 2023.

The associated debt transaction costs were £3.3m.

Individual tranches are drawn down, in sterling, for periods of up to six months at LIBOR rates plus a margin of between 1.2% and 2.1% depending on the consolidated leverage ratio of the Group. A commitment fee of 35% of the margin applicable to the Syndicated RCF is payable quarterly in arrears on unutilised amounts of the total facility.

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

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

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

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

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

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

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

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

22. Provisions for other liabilities and charges

	Dilapidations provision £m	Holiday pay provision £m	Total £m
At 31 March 2018 (restated)	–	0.3	0.3
Charged to the income statement	1.0	0.3	1.3
Utilised in the year	–	(0.3)	(0.3)
At 31 March 2019	**1.0**	**0.3**	**1.3**

	2019 £m	(Restated) 2018 £m
Current	**0.3**	0.3
Non-current	**1.0**	–
Total	**1.3**	0.3

Following the application of IFRS 16, the dilapidations provision has been restated (note 2).

The holiday pay provision relates to liabilities for holiday pay in relation to the UK and Ireland operations for leave days accrued and not yet taken at the end of the financial year, and is expected to be fully utilised in the year to 31 March 2020.

23. Deferred taxation

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 2017 (restated)	0.9	3.8	0.2	**4.9**
Credited to the income statement	0.2	0.1	–	**0.3**
Credited directly to equity	0.1	–	–	**0.1**
At 31 March 2018 (restated)	1.2	3.9	0.2	**5.3**
Credited to the income statement	0.7	(0.2)	0.1	**0.6**
Credited directly to equity	0.3	–	–	**0.3**
At 31 March 2019	**2.2**	**3.7**	**0.3**	**6.2**

Deferred taxation liabilities	Share-based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2017 (restated)	–	–	0.2	**0.2**
Acquired in business combination	–	–	0.7	**0.7**
Credited to the income statement	–	–	(0.2)	**(0.2)**
At 31 March 2018 (restated)	–	–	0.7	**0.7**
Credited to the income statement			(0.2)	**(0.2)**
At 31 March 2019	**–**	**–**	**0.5**	**0.5**

Following the application of IFRS 16, deferred tax assets in relation to accelerated capital allowances have been restated (note 2).

The Group has estimated that £1.1m (2018: £0.8m) of the Group's net deferred income tax asset 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.

24. Retirement benefit obligations

(i) Defined contribution scheme
Across the UK and Ireland the Group operates a number of defined contribution schemes. In the year to 31 March 2019 the pension contributions to the Group's defined contribution schemes amounted to £2.2m (2018: £1.9m). At 31 March 2019, there were £0.3m (31 March 2018: £0.3m) 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 2019, approximately 60% of the Defined Benefit Obligation (DBO) is attributable to former employees who have yet to reach retirement (2018: 65%) and 40% to current pensioners (2018: 35%). 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 21 years.

Risks associated with the scheme

The Scheme exposes the Company to some risks, the most significant of which are:

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 holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth 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.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The ongoing funding valuation of the Scheme was carried out by a qualified actuary as at 30 April 2018 and showed a deficit of £0.2m. The Company paid deficit contributions of £70,000 for the year ending 31 March 2019 (2018: £70,000), and has committed to contribute £140,000 per annum from 1 April 2019, which is expected to make good this shortfall by 31 March 2020. The next funding valuation is due no later than 30 April 2021, at which progress towards full-funding will be reviewed. The Company also pays expenses and PPF levies incurred by the Scheme.

Assumptions used

The last triennial actuarial valuation of the Scheme was performed by an independent professional actuary at 30 April 2018 using the projected unit method of valuation. For the purposes of IAS 19 (revised) the actuarial valuation as at 30 April 2018 has been updated on an approximate basis to 31 March 2019. There have been no changes in the valuation methodology adopted for this year's disclosures compared to the prior year's disclosures.

The principal financial assumptions used to calculate the liabilities under IAS 19 (revised) are as follows:

	2019 %	2018 %
Discount rate for scheme liabilities	**2.45**	2.60
CPI inflation	**2.35**	2.25
RPI inflation	**3.45**	3.35
Pension increases		
Pre 1988 GMP	–	–
Post 1988 GMP	**2.10**	2.10
Pre 2004 non GMP	**5.00**	5.00
Post 2004	**3.35**	3.25

The financial assumptions reflect the nature and term of the Scheme's liabilities.

The Group has assumed that mortality will be in line with nationally published mortality table S2NA with CMI 2018 projections related to members' years of birth with long-term rate of improvement of 1.5% per annum. These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2019		2018	
	Men Years	Women Years	Men Years	Women Years
Member aged 65 (current life expectancy)	86.8	88.9	87.3	89.3
Member aged 45 (life expectancy at age 65)	88.5	90.7	89.0	91.1

It is assumed that 50% of non-retired members of the Scheme will commute the maximum amount of cash at retirement (2018: 50% of non-retired members of the Scheme will commute the maximum amount of cash at retirement).

24. Retirement benefit obligations continued

Post-employment benefit obligations disclosures

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

	2019 £m	2018 £m
Past service cost	**0.4**	–
Total amounts charged to the Consolidated income statement	**0.4**	–

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits for the effect of unequal GMPs accrued between 1990 and 1997. The issues determined by the judgment affect many other UK defined benefit pension schemes. We are working with the trustee of our pension scheme, and our actuarial and legal advisors, to understand the extent to which the judgment crystallises additional liabilities for the pension scheme.

The true impact of GMP equalisation on the Scheme will not be known until members' benefits have been rectified, which could take over a year. However, we understand that it is necessary under the relevant accounting standard to make allowance for the estimated impact of GMP equalisation as at the date of the judgment.

The estimated impact of the equalisation of GMP benefits has been recognised in the income statement as a past service cost. This amounted to an increase in liabilities of £0.4m as at 26 October 2018 which has been included in the pension scheme liability at 31 March 2019.

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.

In addition, the following amounts have been recognised in the Consolidated statement of comprehensive income:

	2019 £m	2018 £m
Return on Scheme assets (in excess of) / below that recognised in net interest	**(0.9)**	–
Actuarial losses / (gains) losses due to changes in assumptions	**0.3**	(1.0)
Actuarial (gains) / losses due to liability experience	**(0.5)**	0.1
Effect of the surplus cap	**0.9**	0.9
Total amounts recognised within Consolidated statement of comprehensive income	**(0.2)**	–

Amounts recognised in the balance sheet are as follows:

	2019 £m	2018 £m
Present value of funded obligations	**20.0**	19.7
Fair value of plan assets	**(22.2)**	(21.0)
Effect of surplus cap	**2.2**	1.3
Net asset recognised in the Consolidated balance sheet	**–**	–

The surplus of £2.2m (2018: £1.3m) has not been recognised as an asset as it is not deemed to be recoverable by the Group.

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

	2019 £m	2018 £m
Fair value of Scheme assets at the beginning of the year	**21.0**	21.4
Interest income on Scheme assets	**0.5**	0.5
Remeasurement gains on Scheme assets	**1.0**	–
Contributions by the employer	**0.1**	0.1
Net benefits paid	**(0.4)**	(1.0)
Fair value of Scheme assets at the end of the year	**22.2**	21.0

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

	2019 £m	2018 £m
Fair value of Scheme liabilities at the beginning of the year	**19.7**	21.0
Past service cost	**0.4**	–
Interest expense	**0.5**	0.5
Actuarial (gains) / losses on Scheme liabilities arising from changes in assumptions	**0.3**	(0.9)
Actuarial (gains)/losses on Scheme liabilities arising from experience	**(0.5)**	0.1
Net benefits paid	**(0.4)**	(1.0)
Fair value of scheme liabilities at the end of the year	**20.0**	19.7

Movements in post-employment benefit obligations were as follows:

	2019 £m	2018 £m
Opening post-employment benefit obligation	**–**	–
Past service cost	**0.4**	–
Interest	**–**	–
Contributions by the employer	**(0.1)**	(0.1)
Remeasurement and experience gains	**(1.2)**	(0.8)
Effect of surplus cap	**0.9**	0.9
Closing post-retirement benefit obligation	**–**	–

Plan assets are comprised as follows:

	2019		2018	
	£m	%	£m	%
Equities	**12.2**	**55.0**	11.4	54.3
Bonds	**8.9**	**40.0**	8.5	40.5
Real estate	**1.1**	**5.0**	1.1	5.2
Total	**22.2**	**100.0**	21.0	100.0

All plan assets have a quoted market price.

Sensitivity to key assumptions

The table below gives an approximation of the impact on the IAS 19 (revised) pension scheme liabilities to changes in assumptions and experience. Note that all figures are before allowing for any deferred tax. The sensitivity information shown has been prepared using the same method used to adjust the results of the latest funding valuation to the balance sheet date.

Following a 0.25% increase in the discount rate

	Change £m	New value £m
Assets of the Scheme at 31 March 2019	–	22.2
Defined benefit obligation at 31 March 2019	1.0	(19.0)
Surplus at 31 March 2019	1.0	3.2

Following a 0.25% increase in the inflation assumption

	Change £m	New value £m
Assets of the Scheme at 31 March 2019	–	22.2
Defined benefit obligation at 31 March 2019	(0.4)	(20.4)
Surplus at 31 March 2019	(0.4)	1.8

Following a 1 year increase in life expectancy

	Change £m	New value £m
Assets of the Scheme at 31 March 2019	–	22.2
Defined benefit obligation at 31 March 2019	(1.0)	(21.0)
Surplus at 31 March 2019	(1.0)	1.2

25. Share capital

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

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

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

Included within shares in issue at 31 March 2019 are 565,555 (2018: 932,761) shares held by the ESOT and 3,996,041 (2018: 4,194,989) shares held in treasury, as detailed in note 26.

26. Own shares held

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

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

27. Dividends

Dividends declared and paid by the Company were as follows:

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

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

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

The Directors' policy with regard to future dividends is set out in the Strategic report on page 28.

28. Cash generated from operations

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

29. Share-based payments

The Group currently operates four share plans: the Performance Share Plan, Deferred Annual Bonus and Single Incentive Plan, Share Incentive Plan 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. The estimate of the fair value of the share-based incentives is measured using either the Monte Carlo or Black-Scholes pricing model as is most appropriate for each scheme.

The total charge in the year relating to the four schemes was £5.9m (2018: £3.7m) with a Company charge of £2.3m (2018: £1.0m). This included associated national insurance ('NI') at 13.8%, which management expects to be the prevailing rate when the awards are exercised, and apprenticeship levy at 0.5%, based on the share price at the reporting date.

29. Share-based payments continued

	Group		Company	
	2019 £m	2018 £m	2019 £m	2018 £m
Share Incentive Plan ('SIP')	–	0.8	–	-
Sharesave scheme ('SAYE')	**0.3**	0.3	–	-
Performance Share Plan ('PSP')	**2.1**	1.8	**1.3**	0.7
Deferred Annual Bonus and Single Incentive Plan	**2.3**	0.4	**0.4**	0.2
Total share-based payment charge	**4.7**	3.3	**1.7**	0.9
NI and apprenticeship levy on applicable schemes	**1.2**	0.4	**0.6**	0.1
Total charge	**5.9**	3.7	**2.3**	1.0

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, subject to a three-year service period ('Vesting Period'). The SIP shareholders are entitled to dividends over the Vesting Period. There are no performance conditions applicable to the vesting of SIP shares. The fair value of the SIP awards at the grant date was measured to be £2.72 using the Black-Scholes model. The resulting share-based payments charge is being spread evenly over the Vesting Period.

UK SIP

	2019 Number	2018 Number
Outstanding at 1 April	**690,791**	776,045
Dividend shares awarded	**4,518**	9,778
Forfeited	**(9,275)**	(75,986)
Released	**(365,162)**	(19,046)
Outstanding at 31 March	**320,872**	690,791
Vested and outstanding at 31 March	**320,872**	-

The weighted average market value per ordinary share for SIP awards released in 2019 was 386.1p (2018: 372.0p). The SIP shares outstanding at 31 March 2018 have fully vested (2018: had a weighted average remaining vesting period of 0.1 years). Shares released prior to the vesting date relate to those attributable to good leavers as defined by the scheme rules.

Irish SIP

	2019 Number	2018 Number
Outstanding at 1 April	**35,922**	44,431
Dividend shares awarded	–	788
Forfeited	–	(7,950)
Exercised	**(30,506)**	(1,347)
Outstanding at 31 March	**5,416**	35,922
Vested and outstanding at 31 March	**5,416**	-

The weighted average market value per ordinary share for Irish SIP options exercised in 2019 was 350.0p (2018: 387.5p). The SIP shares outstanding at 31 March 2018 have fully vested (2018: had a weighted average remaining vesting period of 0.1 years). Options exercised 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 Operating 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, for which an appropriate adjustment is made 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 17 August 2018, the Group awarded 452,695 nil cost options under the PSP scheme. For the 2018 awards, the Group's performance is measured by reference to the growth in Operating profit (75% of the award) and growth in Revenue (25% of the award) over the three-year period April 2018 – March 2021. For previous awards, the Group's performance had been measured by reference to the cumulative profit measure (Underlying operating profit for 2015 and 2016 awards, and Operating profit for 2017 awards) and total shareholder return relative to the FTSE 250 share index.

The fair value of the 2018 award was determined using a Black-Scholes pricing model. The PSP awards granted prior to 2018 have been valued using the Monte Carlo model for the TSR element and the Black-Scholes model for the Operating profit and Underlying operating profit element. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date.

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 £
19 June 2015	TSR dependent	3.06	Nil	30	3.0	0.9	0.0	0.0	2.08
19 June 2015	UOP dependent	3.06	Nil	n/a	3.0	0.9	0.0	0.0	3.06
17 June 2016	TSR dependent	3.89	Nil	29	3.0	0.4	0.4	0.0	2.16
17 June 2016	UOP dependent	3.89	Nil	n/a	3.0	0.4	0.4	0.0	3.89
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

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 was as follows:

	2019 Number	2018 Number
Outstanding at 1 April	**3,104,563**	2,682,738
Options granted in the year	**452,695**	1,188,149
Dividend shares awarded	**9,749**	–
Options forfeited in the year	**(105,213)**	(766,324)
Options exercised in the year	**(483,316)**	–
Outstanding at 31 March	**2.978,478**	3,104,563
Exercisable at 31 March	**721,269**	–

The weighted average market value per ordinary share for PSP options exercised in 2019 was 445.0p (2018: n/a). The PSP awards outstanding at 31 March 2019 have a weighted average remaining vesting period of 0.8 years (2018: 1.2 years) and a weighted average contractual life of 7.6 years (2018: 8.2 years).

Deferred Annual Bonus and Single Incentive Plan
The Group operates the Deferred Annual Bonus and Single Incentive Plan for the Operational Leadership Team and certain key employees. The Plan consists of two schemes, the Deferred Annual ('DAB') and the Single Incentive Plan Award ('SIPA').

Deferred Annual Bonus
The Group operates a Deferred Annual scheme ('DABP') for Executive Directors and certain key senior executives. Awards under the plan are contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. Awards have a vesting period of two years from the date of the award (the 'Vesting Period') and are potentially forfeitable during that period should the employee leave employment. The DABP awards have been valued using the Black-Scholes method 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 16 June 2018, the Group awarded 71,552 nil cost options under the DABP scheme. 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 June 2016	3.89	Nil	2.0	0.4	0.4	0.0	3.89
16 June 2017	4.00	Nil	2.0	0.2	0.0	0.0	4.00
17 August 2018	4.48	Nil	2.0	0.7	1.7	0.0	4.48

29. Share-based payments continued

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

	2019 Number	2018 Number
Outstanding at 1 April	**303,880**	248,263
Options granted in the year	**71,552**	127,691
Dividend shares awarded	**3,343**	1,306
Options forfeited in the year	–	(73,380)
Options exercised in the year	**(229,378)**	–
Outstanding at 31 March	**149,397**	303,880
Exercisable at 31 March	**–**	74,686

The weighted average market value per ordinary share for DABP options exercised in 2019 was 438.1p (2018: n/a). The DABP awards outstanding at 31 March 2018 have a weighted average remaining vesting period of 0.8 years (2018: 1.2 years) and a weighted average contractual life of 8.8 years (2018: 9.2 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 2019 targets.

Single Incentive Plan Award

During the period, the Group introduced a new Single Incentive Plan Award ('SIPA') for the Operating Leadership Team and certain key employees. The scheme replaces the Performance Share Plan and the annual cash bonus scheme for all new awards for those individuals. 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 17 August 2018, the Group awarded 974,106 nil cost options under the SIPA scheme. For the 2018 awards, the Group's performance is measured by reference to Operating profit (75% of the award), live car stock advertised on autotrader.co.uk (12.5% of the award) and the average number of full page advert views (12.5% of the award). The fair value of the 2018 award was determined to be £4.48 per option using a Black-Scholes pricing model. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date. SIPA 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	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

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 was as follows:

	2019 Number	2018 Number
Outstanding at 1 April	**–**	–
Options granted in the year	**974,106**	–
Options forfeited in the year	**(51,054)**	–
Outstanding at 31 March	**923,052**	–
Exercisable at 31 March	**–**	–

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 £
25 September 2015	3.28	2.64	30	3.0	1.0	0.0	33	0.96
13 December 2017	3.48	2.59	31	3.0	0.6	1.3	14	1.12
14 December 2018	4.48	3.49	29	3.0	0.7	1.7	16	1.29

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.

	2019		2018	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 April	**1,530,852**	**2.61**	919,281	2.64
Options granted in the year	**699,528**	**3.49**	728,520	2.59
Options exercised in the year	**(721,748)**	**2.64**	(6,941)	2.64
Options lapsed in the year	**(160,934)**	**2.70**	(110,008)	2.63
Outstanding at 31 March	**1,347,698**	**3.05**	1,530,852	2.61
Exercisable at 31 March	**34,731**	**2.64**	–	–

The weighted average market value per ordinary share for Sharesave options exercised in 2019 was 424.8p (2018: 372.5p). The Sharesave options outstanding at 31 March 2019 have a weighted average remaining vesting period of 2.3 years (2018: 1.7 years) and a weighted average contractual life of 2.8 years (2018: 2.2 years).

30. Business combinations

On 25 April 2017, Auto Trader Limited, a subsidiary of Auto Trader Group plc, acquired the entire share capital of Motor Trade Delivery Limited ('MTD'), an online real-time marketplace for the trade delivery of vehicles across the UK. Through the platform, car dealerships and rental companies list 'jobs' – vehicles that need moving to another retailer site or a customer – and logistics providers bid for the jobs via a live auction process. This acquisition is an extension of Auto Trader's overall strategy of using digital technology to improve efficiencies for retailer customers.

The total cash consideration paid of £12.2 million excludes acquisition costs of £0.2 million which were recognised within administrative expenses in the Consolidated income statement.

The following table provides a reconciliation of the amounts included in the Consolidated statement of cash flows:

	2018 £m
Cash paid for subsidiary	**12.2**
Less: cash acquired	**(0.3)**
Net cash outflow	**11.9**

From the period from acquisition to 31 March 2018, MTD contributed revenue of £1.1 million, and a loss of £0.5 million (after an amortisation charge of £1.0 million) to the Group's results.

30. Business combinations continued

The purchase has been 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 no material adjustments from book value were made to existing assets and liabilities. The period in which measurement adjustments could be made has now closed on this acquisition and the final goodwill calculation is summarised below:

	Fair value £m
Intangible assets recognised on acquisition:	
Customer relationships	3.2
Non-compete agreement	0.6
Website	0.4
Deferred tax liability arising on intangible assets	(0.7)
Intangible assets and related deferred tax	3.5
Current assets	
Trade and other receivables	0.7
Cash and cash equivalents	0.3
Current assets	1.0
Current liabilities	(0.8)
Total net assets acquired	3.7
Goodwill on acquisition	8.5
Total assets acquired	12.2
Cash consideration	12.2

The goodwill recognised on acquisition relates to value arising from intangible assets that are not separately identifiable under IFRS 3. This represents synergies expected to arise from combining with the existing business of Auto Trader Limited. None of the acquired intangible assets or goodwill is expected to be deductible for tax purposes.

In addition to the goodwill recognised, the customer relationships, non-compete agreement and website obtained through the acquisition met the requirements to be separately identifiable under IFRS 3.

31. Financial instruments

Financial assets

	Note	2019 £m	2018 £m
Net trade receivables	18	**24.9**	25.4
Accrued income	18	**28.0**	26.7
Other receivables	18	**0.3**	0.1
Cash and cash equivalents	19	**5.9**	4.3
Total		**59.1**	56.5

Credit risk
The carrying amount of financial assets, previously recognised as loans and receivables under IAS 39 now classified as amortised cost under IFRS 9, represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2019 was £59.1m (2018: £56.5m).

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Note	2019 £m	2018 £m
UK		**24.5**	24.9
Ireland		**0.4**	0.5
Total		**24.9**	25.4

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

	2019 £m	2018 £m
Retailers	20.4	21.7
Manufacturer and Agency	3.2	3.0
Other	1.3	0.7
Total	24.9	25.4

The Group's most significant customer accounts for £0.5m (2018: £0.6m) of net trade receivables as at 31 March 2019.

Expected credit loss assessment
Expected credit losses are measured using a provisioning matrix based on the reason the trade receivable is past due. The provision matrix rates are 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 from individual customers as at 31 March 2019.

	Weighted-average loss rate	Gross carrying amount £m	Loss allowance £m	Credit-impaired
Current	0.4%	21.5	(0.1)	No
Past due 1–30 days	0.7%	2.9	–	No
Past due 31–60 days	8.5%	0.4	–	No
Past due 61–90 days	43.7%	0.2	(0.1)	No
More than 91 days past due	97.0%	2.0	(1.9)	No
		27.0	(2.1)	

Comparative information under IAS 39
The ageing of trade receivables at 31 March 2018 under IAS 39 was as follows:

	Gross £m	Impairment £m
Current	22.0	(0.1)
Past due 1–30 days	2.9	–
Past due 31–60 days	0.5	–
Past due 61–90 days	–	–
More than 91 days past due	3.4	(3.3)
	28.8	(3.4)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows. Comparative amounts for 2018 represent the allowance account for impairment losses under IAS 39:

	Note	2019 £m	2018 £m
At 1 April	18	**3.4**	3.1
Charged during the year		**0.8**	2.0
Utilised during the year		**(2.1)**	(1.7)
At 31 March	18	**2.1**	3.4

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.

31. Financial instruments continued

Cash and cash equivalents
Cash balances are held with the Group's principal bankers, Royal Bank of Scotland, and are used for working capital purposes. The Directors do not consider deposits at this institution to be at risk.

Financial liabilities

	2019			2018 (restated)		
	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	**15.6**	**–**	**15.6**	14.9	–	14.9
Borrowings (gross of debt issue costs)	**313.0**	**–**	**313.0**	343.0	–	343.0
Leases	**16.1**	**3.6**	**19.7**	18.2	4.6	22.8
Total	**344.7**	**3.6**	**348.3**	376.1	4.6	380.7

Trade and other payables are as disclosed within note 20, excluding other taxation and social security liabilities and deferred income.

IFRS 7 requires the contractual future interest cost of a financial liability to be included within the above table. As disclosed in note 21 of these consolidated financial statements, all 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 LIBOR prevailing at the time of drawdown plus the applicable margin, which ranges from 1.2% and 2.1%. Interest paid in the year in relation to borrowings amounted to £6.6 million.

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 2019	Trade and other payables £m	Borrowings £m	Leases £m	Total £m
Due within one year	**15.6**	**–**	**2.7**	**18.3**
Due within one to two years	**–**	**–**	**2.7**	**2.7**
Due within two to five years	**–**	**313.0**	**7.5**	**320.5**
Due after more than five years	**–**	**–**	**6.8**	**6.8**
Total	**15.6**	**313.0**	**19.7**	**348.3**

As at 31 March 2018 (restated)	Trade and other payables £m	Borrowings £m	Leases £m	Total £m
Due within one year	14.9	–	3.1	18.0
Due within one to two years	–	343.0	2.7	345.7
Due within two to five years	–	–	7.8	7.8
Due after more than five years	–	–	9.2	9.2
Total	14.9	343.0	22.8	380.7

Fair values
The fair values of all financial instruments in both years are equal to the carrying values.

32. Net debt

Analysis of net debt

Net debt is calculated as total borrowings net of unamortised bank facility fees, 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, and new leases entered into during the year.

March 2019	At 1 April 2018 £m	Cash flow £m	Non-cash changes £m	At 31 March 2019 £m
Debt due after more than one year	**340.8**	**(30.0)**	**(0.5)**	**310.3**
Accrued interest	**0.5**	**(6.6)**	**6.6**	**0.5**
Lease liabilities	**18.2**	**(3.1)**	**1.0**	**16.1**
Total debt and lease financing	**359.5**	**(39.7)**	**7.1**	**326.9**
Cash and cash equivalents	**(4.3)**	**(1.6)**	**–**	**(5.9)**
Net debt	**355.2**	**(41.3)**	**7.1**	**321.0**

March 2018 (restated)	At 1 April 2017 £m	Cash flow £m	Non-cash changes £m	At 31 March 2018 £m
Debt due after more than one year	357.8	(20.0)	3.0	340.8
Accrued interest	0.5	(6.7)	6.7	0.5
Lease liabilities	19.7	(2.3)	0.8	18.2
Total debt and lease financing	378.0	(29.0)	10.5	359.5
Cash and cash equivalents	(8.0)	3.7	–	(4.3)
Net debt	370.0	(25.3)	10.5	355.2

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

	Liabilities		Equity				
	Borrowings and accrued interest	Finance lease liabilities	Share capital	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2018	**341.3**	**18.2**	**9.5**	**1,042.7**	**(16.9)**	**(1,029.7)**	**365.1**
Changes from financing cash flows							
Dividends paid to Company's shareholders	–	–	–	(57.6)	–	–	(57.6)
Repayment of Syndicated Term Loan	(343.0)	–	–	–	–	–	(343.0)
Drawdown of Syndicated revolving credit facility	447.1	–	–	–	–	–	447.1
Repayment of Syndicated revolving credit facility	(134.1)	–	–	–	–	–	(134.1)
Payment of refinancing fees	(3.3)	–	–	–	–	–	(3.3)
Payment of interest on borrowings	(6.6)	–	–	–	–	–	(6.6)
Payment of lease liabilities	–	(3.1)	–	–	–	–	(3.1)
Purchase of own shares for cancellation	–	–	(0.2)	(87.7)	–	0.2	(87.7)
Purchase of own shares for treasury	–	–	–	–	(5.8)	–	(5.8)
Payment of fees on repurchase of own shares	–	–	–	(0.5)	–	–	(0.5)
Proceeds from exercise of share-based incentives	–	–	–	1.9	–	–	1.9
Total changes from financing cash flows	(39.9)	(3.1)	(0.2)	(143.9)	(5.8)	0.2	(192.7)
Other changes - liability related							
Interest expense	9.3	0.9	–	–	–	–	10.2
Other	0.1	–	–	–	–	–	0.1
Total liability related other changes	9.4	0.9	–	–	–	–	10.3
Total equity related other changes	–	–	–	197.0	6.2	(0.1)	203.1
Balance as of 31 March 2019	**310.8**	**16.0**	**9.3**	**1,095.8**	**(16.5)**	**(1,029.6)**	**385.8**

32. Net debt continued

	Liabilities		Equity				
	Borrowings	Finance lease liabilities	Share capital / premium	Retained earnings	Own shares held	Other reserves	Total
Balance as of 1 April 2017	**358.3**	**19.7**	**9.8**	**1,017.1**	**(16.9)**	**(1,030.2)**	**357.8**
Changes from financing cash flows							
Dividends paid to Company's shareholders	–	–	–	(52.2)	–	–	(52.2)
Repayment of Syndicated Term Loan	(20.0)	–	–	–	–	–	(20.0)
Payment of interest on borrowings	(6.7)	–	–	–	–	–	(6.7)
Payment of lease liabilities	–	(2.3)	–	–	–	–	(2.3)
Purchase of own shares for cancellation	–	–	(0.3)	(96.2)	–	0.3	(96.2)
Payment of fees on repurchase of own shares	–	–	–	(0.5)	–	–	(0.5)
Total changes from financing cash flows	(26.7)	(2.3)	(0.3)	(148.9)	–	0.3	(177.9)
Other changes - liability related							
Interest expense	9.8	0.8	–	–	–	–	10.6
Other	(0.1)		–	–	–	–	(0.1)
Total liability related other changes	9.7	0.8	–	–	–	–	10.5
Total equity related other changes	–	–	–	174.5	–	0.2	174.7
Balance as of 31 March 2018	**341.3**	**18.2**	**9.5**	**1,042.7**	**(16.9)**	**(1,029.7)**	**365.1**

33. Contingent liabilities

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

34. Related party transactions

Auto Trader Auto Stock Limited
The following related party transactions were entered into by subsidiary companies during the year under the terms of a joint venture agreement with Cox Automotive UK Limited.

At 31 March 2019 the outstanding other receivable balance from Auto Trader Auto Stock Limited was £0.1m (2018: £nil). The receivable relates to staff costs paid on behalf of Auto Trader Auto Stock Limited.

At 31 March 2019 the outstanding other creditor balance with Auto Trader Auto Stock Limited was £0.2m. The creditor relates to amounts invoiced to customers on behalf of Auto Trader Auto Stock Limited.

All balances will be settled in cash. There were no provisions for doubtful related party receivables at 31 March 2019 (2018: £nil) and no charge to the income statement in respect of doubtful related party receivables (2018: £nil).

During the year a subsidiary company provided data services to Auto Trader Auto Stock Limited under a licence agreement. The value of services provided was £0.1m (2018: £nil). At 31 March 2019, deferred income outstanding in relation to the licence agreement was £11.2m (2018: £nil).

Other related party transactions
During the year, the Group transacted with Burns Sheehan Limited, a third party in which a Director holds a shareholding. This company is deemed to be a related party. Costs incurred were in respect of recruitment consultancy services which amounted to £1,250 (2018: £34,737). There were no amounts outstanding at the year end. All transactions were completed on an arm's length basis.

Key Management personnel compensation has been disclosed in note 8.

35. Subsidiaries and joint ventures

Subsidiaries

At 31 March 2019 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	Financing 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%
Webzone Limited [2]	Republic of Ireland	Online marketplace	Ordinary	–	100%
Motor Trade Delivery Limited [3]	England and Wales	Non-trading	Ordinary	–	100%

1 Registered office address is 4th floor, 1 Tony Wilson Place, Manchester, M15 4FN.
2 Registered office address is Paramount Court, Corrig Road, Sandyford Industrial Estate, Dublin 18, D18 R9C7.
3 Registered office address is Hill House, 1 Little New Street, London, EC4A 3TR.

A guarantee exists in respect of the wholly owned subsidiary that is incorporated in the Republic of Ireland and consolidated within these financial statements. They have availed themselves of an exemption from filing their individual financial statements in accordance with Section 357 of the Companies (Amendment) Act, 2014, Ireland.

All subsidiaries have a year end of 31 March.

Joint ventures

At 31 March 2019 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 (Holdings) Limited [1]	England and Wales	Holding company	Ordinary	–	49%
Dealer Auction Limited [1]	England and Wales	Online marketplace	Ordinary	–	49%
Auto Trader Autostock Limited [1]	England and Wales	Online marketplace	Ordinary	–	49%
Dealer Auction Services Limited [1]	Republic of Ireland	Online marketplace	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 which is consistent with the year end of the majority shareholder.

36. Post balance sheet event

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

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

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

Company balance sheet

At 31 March 2019

	Note	2019 £m	2018 £m
Fixed assets			
Investments	3	**1,216.0**	1,212.9
		1,216.0	1,212.9
Current assets			
Debtors	4	**415.9**	440.7
Cash and cash equivalents	5	–	0.2
		415.9	440.9
Creditors: amounts falling due within one year	6	**(411.4)**	(288.4)
Net current assets		**4.5**	152.5
Net assets		**1,220.5**	1,365.4
Capital and reserves			
Called-up share capital	9	**9.3**	9.5
Own shares held	10	**(16.5)**	(16.9)
Capital redemption reserve		**0.7**	0.5
Retained earnings		**1,227.0**	1,372.3
Total equity		**1,220.5**	1,365.4

The financial statements were approved by the Board of Directors on 6 June 2019 and authorised for issue.

Nathan Coe
Chief Financial Officer and Chief Operating Officer-designate
6 June 2019

Auto Trader Group plc Registered number 09439967

Company statement of changes in equity

For the year ended 31 March 2019

	Share capital £m	Own shares held £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
Balance at March 2017	9.8	(16.9)	0.2	1,519.1	1,512.2
Loss for the year	–	–	–	(1.4)	(1.4)
Total comprehensive expense, net of tax	–	–	–	(1.4)	(1.4)
Transactions with owners:					
Purchase and cancellation of own shares	(0.3)	–	0.3	(96.7)	(96.7)
Dividends paid	–	–	–	(52.2)	(52.2)
Share-based payments	–	–	–	3.3	3.3
Deferred tax on share-based payments	–	–	–	0.2	0.2
Total transactions with owners recognised directly in equity	(0.3)	–	0.3	(145.4)	(145.4)
Balance at March 2018	9.5	(16.9)	0.5	1,372.3	1,365.4
Loss for the year	–	–	–	(0.2)	(0.2)
Total comprehensive expense, net of tax	–	–	–	(0.2)	(0.2)
Transactions with owners:					
Purchase and cancellation of own shares	(0.2)	–	0.2	(88.2)	(88.2)
Dividends paid	–	–	–	(57.6)	(57.6)
Share-based payments	–	–	–	4.7	4.7
Exercise of employee share schemes	–	5.6	–	(3.7)	1.9
Transfer of shares from ESOT	–	0.6	–	(0.6)	–
Acquisition of treasury shares	–	(5.8)	–	–	(5.8)
Tax on share-based payments	–	–	–	0.3	0.3
Total transactions with owners recognised directly in equity	(0.2)	0.4	0.2	(145.1)	(144.7)
Balance at March 2019	**9.3**	**(16.5)**	**0.7**	**1,227.0**	**1,220.5**

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 and adopted FRS 102 from that date.

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 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The Company financial statements have been prepared under the historic 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 2019. The comparative financial information presented is at and for the year ended 31 March 2018.

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 £0.2m (2018: loss of £1.4m).

As the Company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12, the following exemptions have been applied:

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

Amounts paid to the Company's auditors in respect of the statutory audit were £58,350 (2018: £56,650). The charge was borne by a subsidiary company and not recharged.

Estimation techniques
The preparation of financial statements in conformity with FRS 102 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are:

- share-based payments; and
- carrying value of investments.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The accounting policies of such arrangements are disclosed in note 1 of the Group accounts. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value and the Directors have therefore made estimates with regard to the inputs to that model and the period over which the share award is expected to vest (note 29 of the consolidated Group financial statements).

Where equity-settled share-based payments are granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and the investments in subsidiaries are adjusted to reflect this capital contribution.

The Group considers annually whether the carrying value of investments has suffered any impairment in accordance with the accounting policy stated. The recoverable amounts of investments have been determined based on value-in-use calculations, which require the use of estimates.

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.

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 timing 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 timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing 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
The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price (unless the arrangement constitutes a financing transaction) and are subsequently carried at amortised cost using the effective interest method.

Financial assets which constitute a financing transaction are measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

b) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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 64 to 74.

3. Investments in subsidiaries

	2019 £m	2018 £m
At beginning of the period	**1,212.9**	1,210.5
Additions	**3.1**	2.4
At end of the period	**1,216.0**	1,212.9

The additions in the year and prior year relate to equity-settled share-based payments granted to the employees of subsidiary companies.

Subsidiary undertakings are disclosed within note 35 to the consolidated financial statements.

4. Debtors

	2019 £m	2018 £m
Amounts owed by Group undertakings	**414.7**	439.9
Deferred tax asset	**1.2**	0.8
Total	**415.9**	440.7

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

5. Cash and cash equivalents

	2019 £m	2018 £m
Cash at bank and in hand	**–**	0.2

6. Creditors: amounts falling due within one year

	2019 £m	2018 £m
Amounts owed to Group undertakings	**409.7**	287.3
Accruals and deferred income	**1.7**	1.1
Total	**411.4**	288.4

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 2019 and the year ended 31 March 2018 may be analysed as follows:

Financial assets	2019 £m	2018 £m
Financial assets measured at amortised cost	**414.7**	439.9

Financial liabilities	2019 £m	2018 £m
Financial liabilities measured at amortised cost	**411.4**	288.4

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:

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

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

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

The Directors' policy with regard to future dividends is set out in the Strategic report on page 29.

9. Called-up share capital

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

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

A total of 20,229,881 ordinary shares of £0.01 were purchased in the year (2018: 26,809,702). The average price paid per share was 461.5p (2018: 358.5p), with a total consideration paid (inclusive of all costs) of £94.0m (2018: £96.7m). 1,266,000 shares were purchased to be held in treasury (2018: nil) with 18,963,811 being cancelled.

Included within shares in issue at 31 March 2019 are 565,555 (2018: 932,761) shares held by the ESOT and 3,996,041 (2018: 4,194,989) shares held in treasury, as detailed in note 10.

10. Own shares held

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

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

11. Related parties

During the year, a management charge of £4.6m (2018: £2.1m) was received from Auto Trader Limited in respect of services rendered.

At the year end, balances outstanding with other Group undertakings were £414.7m and £409.7m respectively for debtors and creditors (2018: £439.9m and £287.3m) as set out in notes 4 and 6.

12. Post balance sheet event

On 5 June 2019, a Group entity extended £316.5m of the Syndicated revolving credit facility by an additional year. The facility will now terminate in two tranches:

- £316.5.0m in June 2024; and
- £83.5m at the original termination date of June 2023.

There is no change to the interest rate payable and there is no requirement to settle all, or part, of the debt earlier than the termination dates stated. The Company will continue to be a guarantor for the facility.

Shareholder information

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(calls cost 12p per minute plus network extras; lines are open 9.00am to 5.30pm Monday to Friday, excluding public holidays in England and Wales)

Tel international: +44 (0) 371 664 0300
(charged at the appropriate international rate)

Web: **linkassetservices.com**
Email: **enquiries@linkgroup.co.uk**

Financial calendar 2019–2020

Annual General Meeting	19 September 2019
2020 Half-year results	7 November 2019
2020 Full-year results	4 June 2020

Shareholder enquiries

Our registrars 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 **www.autotradershares.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 made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Auto Trader Group plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.