

Auto Trader Limited

Annual report and financial statements for the year ended 31 March 2019

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The Directors present their strategic report for Auto Trader Limited (the "Company") for the year ended 31 March 2019.

Review of the business

The principal activity of the Company is online classified advertising of motor vehicles and other related products and services in the digital automotive marketplace. The Company operates wholly in the United Kingdom.

Results and performance

Turnover has increased by £25.3 million to £349.6million (2018: £324.3 million). This growth was attributable to our Trade revenue stream, and primarily retailer revenue as we increased the average revenue per retailer through the launch of new products, our annual pricing event and further penetration of higher yielding advertising packages. Growth in Manufacturer & Agency was offset by a small decline in Consumer services, where broader economic uncertainty has affected our private listings business.

Operating profit has increased to £240.5 million (2018: £220.4 million), reflecting the increase in turnover whilst the cost base remains well controlled. The profit attributable to owners of the parent for the year ended 31 March 2019 as set out on page 9, was £206.7million (2018: £182.6 million). The Company received dividends of £1.2 million (2018: £1.7 million).

More detailed coverage of the Company's strategic report, principal risks and uncertainties, corporate governance structure and approach to corporate social responsibility is published within the Annual Report and Financial Statements of Auto Trader Group plc, as all are managed on a Group basis. As the financial statements of Auto Trader Group plc are publicly available, the Company has therefore not included disclosure of these items in its own financial statements.

Business environment

The automotive market is complex and often inefficient. There are multiple participants and unsurprisingly consumers can find the process of buying or selling a car overwhelming. Through Auto Trader products, services and partnerships, we aim to significantly improve the car buying experience, as well as leverage our existing relationships to improve further parts of the value chain.

Strategy

Our purpose is to lead the future of the UK's digital automotive marketplace. We aim to improve the process of buying and selling vehicles in the UK, by continually evolving the ecosystem to provide a better experience for consumers, retailers and manufacturers alike

Our three strategic pillars are:

- to improve car buying in the UK;
- evolve the automotive ecosystem in the UK; and
- to become the most admired UK digital business.

Key performance indicators

Key performance indicators are monitored primarily on a Group basis and are disclosed in the financial statements of the ultimate parent company, Auto Trader Group plc. In addition, the Board monitors the progress of the Company by reference to the following KPIs:

Key performance indicators	2019	2018
Turnover (£ millions)	349.6	324.3
Operating profit (£ millions)	240.5	220.4
Number of full-time equivalent employees	765	786

Principal risks and uncertainties

The Board takes overall responsibility for risk management with a particular focus on determining the nature and extent of significant risks it is willing to take in achieving its strategic objectives. The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls.

The principal risks for the Company include the economy, market and business environment; brand; competition; disruptive technologies and changing consumer behaviours; IT systems and cyber security; employee retention, and reliance on third parties. Further details of the risks applicable to the whole Group can be found in the Annual Report of Auto Trader Group plc, which can be obtained from the address given in note 17 to the financial statements.

Additional risks and uncertainties relating to the Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, results of operations and/or financial condition.

Future developments

There continues to be uncertainty surrounding the nature and timing of the UK's departure from the EU and the outcome of the upcoming general election. Economic conditions, currency volatility and consumer confidence levels could all be adversely affected, with the impact likely to be greater in a no-deal scenario. If the prices of cars increase, as tariffs are introduced, and consumer confidence levels decrease, manufacturers' appetite to supply cars to the UK market reduces, this could have an adverse impact on our business.

Despite wider economic uncertainty, we believe our strong market position and continued ability to add value by improving the car buying experience to consumers, retailers and manufacturers, will position us well to deliver growth.

On behalf of the Board



N Coe
Director
18 November 2019

1 Tony Wilson Place
Manchester
M15 4FN

The Directors present their report on the Company for the year ended 31 March 2019.

Results and dividends

The Company's profit for the financial year was £206.7 million (2018: £182.6 million) which was transferred to reserves. The Directors do not recommend payment of a final dividend (2018: £nil).

Directors and secretary

The Directors who served during the year and up to the date of the signing of the financial statements, unless otherwise stated, were as follows:

T Mather	Director
N Coe	Director
C Baty	Director (appointed 1 April 2018), Company Secretary

Financial risk management

The Directors consider that the financial risks are the same as those that are relevant to the Group, accordingly these have been disclosed in the publicly available financial statements of Auto Trader Group plc, which can be obtained from the address given in note 17 to the financial statements.

Future developments

The Directors have considered the future developments of the business within the Strategic Report on pages 2-3.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employee representatives are consulted on a wide range of matters affecting their current and future interest. Information relevant to employees and the wider business is posted on the Company's intranet. The company also has a universal employee development scheme, focused on developing the potential of all staff members.

Political Donations

No political donations were made in the year (2018: £nil).

For the year ended 31 March 2019

Health and safety

The Company's policy of ensuring safe and pleasant working conditions for all employees, as far as possible within the constraints imposed by the working environment, has continued to operate. Health and safety representatives are present at each property from which the Company operates, are managed centrally and meet on a regular basis. Over the past decade the company has created a solid health and safety framework and culture within the Company.

Directors' indemnities

Qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

Independent auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditors

The Directors confirm, in the case of each Director in office at the date the directors' report is approved, that: so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going Concern

These financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Post balance sheet event

Since the end of the reporting period, the company acquired the entire share capital of KeeResources Limited for consideration net of cash acquired of £25.3 million. KeeResources annual revenue and Operating profit for the financial year ending December 2018 was £5.5 million and £0.8 million respectively. As at the date of this report, we have not yet concluded the accounting for this acquisition.

Approved by the Directors on 18 November 2019 and signed on their behalf



C Baty
Company Secretary

1 Tony Wilson Place
Manchester
Greater Manchester
M15 4FN

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

Independent Auditor's report to the members of Auto Trader Limited

Opinion

We have audited the financial statements of Auto Trader Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 company will continue in operation.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

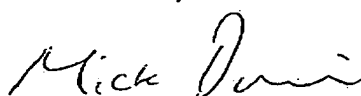
Auditors' responsibilities

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

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

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

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



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

Date: 19/11/2019

Profit and loss account
For the year ended 31 March 2019

Auto Trader Limited

	Note	2019 £m	2018 £m
Turnover	2	349.6	324.3
Administrative expenses		(109.1)	(103.9)
Operating profit	3	240.5	220.4
Profit on disposal of subsidiary		9.6	-
Income from shares in group undertakings		1.2	1.7
Profit on ordinary activities before interest and taxation		251.3	222.1
Tax on profit on ordinary activities	6	(44.6)	(39.5)
Profit for the financial year attributable to owners of the parent		206.7	182.6

All results arise from continuing activities in both financial years.

As outlined in the basis of preparation on page 13, the current period is for the year ended 31 March 2019 and the comparative period is for the year ended 31 March 2018.

The notes on pages 13 to 32 form an integral part of these financial statements.

Statement of comprehensive income

Auto Trader Limited

For the year ended 31 March 2019

	2019 £m	2018 £m
Profit for the financial year	206.7	182.6
Remeasurements of post-employment benefit obligations	0.2	-
Other comprehensive income for the year, net of tax	0.2	-
Total comprehensive income for the year	206.9	182.6

The notes on pages 13 to 32 form an integral part of these financial statements.

Balance sheet
As at 31 March 2019

Auto Trader Limited

	Note	2019 £m	2018 £m
Fixed assets			
Intangible assets	7	17.5	29.0
Tangible assets	8	4.9	6.2
Investments	9	55.8	7.7
		78.2	42.9
Current assets			
Debtors	10	1,528.2	1,339.0
Cash at bank and in hand		5.6	3.9
		1,533.8	1,342.9
Creditors: Amounts falling due within one year	11	(67.0)	(51.3)
Net current assets		1,466.8	1,291.6
Total assets less current liabilities		1,545.0	1,334.5
Provisions for liabilities	12	(1.5)	(1.4)
Post-employment benefits	14	-	-
Net assets		1,543.5	1,333.1
Capital and reserves			
Called up share capital	13	210.5	210.5
Share premium account		243.2	243.2
Retained earnings		1,089.8	879.4
Total equity		1,543.5	1,333.1

The notes on pages 13 to 32 form an integral part of these financial statements.

The financial statements on pages 9 to 32 were authorised for issue by the Board of Directors on 18 November 2019 and were signed on its behalf.



N Coe
Director

Auto Trader Limited
Registered number: 03909628

Statement of changes in equity

Auto Trader Limited

For the year ended 31 March 2019

	Note	Called up share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 31 March 2017		210.5	243.2	694.5	1,148.2
Profit for the financial year		-	-	182.6	182.6
Total comprehensive income for the year		-	-	182.6	182.6
Transactions with owners:					
Share-based payments	5	-	-	2.4	2.4
Tax on share-based payments recognised		-	-	(0.1)	(0.1)
Total transactions with owners, recognised directly in equity		-	-	2.3	2.3
Balance at 31 March 2018		210.5	243.2	879.4	1,333.1
Profit for the financial year		-	-	206.7	206.7
Remeasurements of post-employment benefit obligations		-	-	0.2	0.2
Total comprehensive income for the year		-	-	206.9	206.9
Transactions with owners:					
Share-based payments	5	-	-	3.0	3.0
Tax on share-based payments recognised		-	-	0.5	0.5
Total transactions with owners, recognised directly in equity		-	-	3.5	3.5
Balance at 31 March 2019		210.5	243.2	1,089.8	1,543.5

For the year ended 31 March 2019

1 Accounting policies

General information

Auto Trader Limited ('the Company') is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 4th floor, 1 Tony Wilson Place, Manchester, M15 4FN.

The individual financial statements of Auto Trader Limited 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.

Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial information presented is at and is for the year ended 31 March 2019 and for the year ended 31 March 2018. These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The financial statements contain information about Auto Trader Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of Auto Trader Group plc, a company incorporated in England and Wales. Copies of Auto Trader Group plc consolidated financial statements can be obtained from the address given in note 17 to these financial statements.

As the consolidated financial statements of Auto Trader Group plc include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

Certain disclosures required by FRS 102.26 Share Based Payments

Accounting estimates and judgements

The preparation of the financial statements requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Estimates and judgements are continually evaluated on a Group basis 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 operations and financial position.

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

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

Going concern

These financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1 Accounting policies (continued)**Cash flow statement**

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Auto Trader Group plc, includes the company's cash flows in its own consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Foreign currency

The Company's functional and presentation currency is the pound sterling. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. The Company also has a defined benefit contribution plan for certain former employees.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Annual bonus plan

The Company operates an annual bonus plan for certain key employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(iii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

For the year ended 31 March 2019

1 Accounting policies (continued)**Employee benefits (continued)***(iv) Defined benefit pension plan*

The Company operates a defined benefit plan for certain former employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ("discount rate").

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as "Remeasurement of net defined benefit liability".

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as "Interest expense". Any scheme surplus (to the extent it can be recovered) or deficit is recognised in full on the balance sheet.

(v) Share-based payments

The Company recognises a share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity. 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 Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(d), in respect of the certain disclosures required by FRS 102.26 Share Based Payments.

1 Accounting policies (continued)**Taxation**

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

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.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Turnover

Turnover comprises the fair value of the consideration receivable for the sales of goods and services in the ordinary course of the Company's activities. Turnover is stated net of discounts, rebates, refunds and value-added tax.

Turnover is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the activities described below.

Turnover is recognised as follows:

- Trade: fees from retailer and home trader customers for advertising on the Company's websites and web related activities are recognised on a straight-line basis as the service is provided. Retailer website build and hosting subscription fees, maintenance contracts and other subscription fees are recognised on a straight-line basis over the period to which they relate. Fees from logistic firms and retailers for facilitating the move of vehicles on the Motor Trade Delivery platform are recognised at the point the vehicle has been delivered.
- Consumer services: fees from private sellers for advertising on the Company's websites are recognised on a straight-line basis as the service is provided. Fees from third-party partners who provide services to consumers relating to their motoring needs, such as insurance and loan finance, are recognised as the service is provided to the third-party provider.
- Manufacturer & Agency: fees from manufacturers and their advertising agencies for placing display advertising on the Company's websites are recognised on a straight-line basis as the service is provided.

1 Accounting policies (continued)**Intangible assets**

Goodwill arising on the acquisition of businesses (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and written off over a period of 20 years. This is deemed an appropriate period of amortisation for goodwill acquired by the Company. Provision is made for any impairment. Impairments are assessed when a triggering event has occurred and are assessed by comparing the carrying value of the goodwill attributable to an income generating unit to its value in use.

Following reorganisations of the Company when a number of investments were divisionalised an amount of the original cost of investment has been redesignated as goodwill in the Company's balance sheet. This amount is restricted to the amount of goodwill that would have arisen on the initial acquisition and is written off over a period of 20 years.

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight-line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Investments

Investments in subsidiary, associated and other undertakings are shown at cost less any provision for impairment. Dividends received are credited to the profit and loss account when the right to receive payment is established.

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.

Tangible fixed assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

(i) Land and buildings

Land and buildings include freehold and leasehold properties. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

1 Accounting policies (continued)**Tangible fixed assets and depreciation (continued)***(ii) Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses

(iii) Depreciation and residual values

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

Leasehold improvements	life of lease
Leasehold land and buildings	life of lease
Fixtures and fittings, equipment and vehicles	3-10 years

Assets under construction are recorded as tangible fixed assets and are transferred to the appropriate tangible fixed asset classification when complete, and depreciated from that date.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Provisions

A provision is recognised in the financial statements when an obligation exists at the balance sheet date, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the 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. Provisions are discounted where the effect is material.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight line basis over the period of the lease.

Dividends

Dividends on equity shares are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders. Interim dividends declared by Directors are recognised when paid.

1 Accounting policies (continued)**Financial instruments**

The Company adopts Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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.

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) 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies 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 pre-payment 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. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

For the year ended 31 March 2019

2 Turnover

Turnover is attributable to the principal activity of the Company and is earned entirely within the United Kingdom.

By class of business segmental analysis:	2019 £m	2018 £m
Trade	300.0	276.1
Consumer services	27.9	29.7
Manufacturer & Agency	21.7	18.5
Total turnover	349.6	324.3

3 Operating profit

Operating profit is stated after charging:

	2019 £m	2018 £m
Wages and salaries	44.1	42.5
Social security costs	4.2	4.4
Other pension costs (note 14)	2.2	1.8
Share-based payments and associated national insurance costs (note 5)	3.6	2.7
Staff costs	54.1	51.4
Operating lease charges	2.5	2.5
Audit fees payable to the Company's auditors	0.1	0.1

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditors for 'Other services' as this information is included in the consolidated financial statements of Auto Trader Group plc, which can be obtained from the address given in note 17 of these financial statements.

4 Employees and Directors**Employees**

The average monthly number of full time equivalents (including executive Directors) employed by the Company during the year was:

	2019 Number	2018 Number
Customer operations	333	367
Product and technology	317	310
Corporate	115	109
	765	786

The remuneration of Trevor Mather and Nathan Coe (2018: Trevor Mather, Sean Glithero and Nathan Coe) was paid by Auto Trader Group plc and recharged through a management fee to the Company. The remuneration of Directors including the management fee was as follows:

	2019 £m	2018 £m
Aggregate Directors' emoluments	4.8	2.1
Total	4.8	2.1

At the end of the year, three Directors (2018: two Directors) were members of the Company's defined contribution scheme.

For the year ended 31 March 2019

5 Share-based payments

Share options are granted by the ultimate parent company (Auto Trader Group plc) to senior executives and other individuals within the Auto Trader Group of companies ('the Group'). The Group currently operates four share schemes: the Performance Share Plan, Deferred Annual Bonus 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 share-based payment expense recognised by the Company is determined based on the proportion of options held by employees of the Company relative to the total Group. The total charge incurred by the Company in the year relating to the four schemes was £3.6 million (2018: £2.7 million). 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.

	2019 £m	2018 £m
Share Incentive Plan ('SIP')	-	0.8
Sharesave scheme ('SAYE')	0.3	0.3
Performance Share Plan ('PSP')	0.8	1.1
Deferred Annual Bonus and Single Incentive Plan ('DAB' and 'SIPA')	1.9	0.2
Total share-based payment charge	3.0	2.4
NI and apprenticeship levy on applicable schemes	0.6	0.3
Total charge	3.6	2.7

Share Incentive Plan

In 2015, the Group established a Share Incentive Plan ('SIP'). All eligible employees were awarded free shares 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.

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.

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.

5 Share-based payments (continued)**Performance Share Plan**

The Group operates a Performance Share Plan ('PSP') for certain key employees.

The number of options that vest is dependent on the Group's performance over the vesting period. For the options granted under the scheme in 2018, 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.

Deferred Annual Bonus and Single Incentive Plan

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

Deferred Annual Bonus

The Group operates a Deferred Annual scheme for certain key employees. 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 DAB 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.

Single Incentive Plan

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

For the year ended 31 March 2019

6 Taxation on profit on ordinary activities**(a) Tax expense included in profit or loss**

	2019 £m	2018 £m
Current tax:		
UK corporation tax on profits for the year	44.9	40.7
Adjustment in respect of prior periods	(0.1)	(0.9)
Total current tax	44.8	39.8
Deferred tax:		
Origination and reversal of timing differences	(0.2)	(0.3)
Impact of change in tax rate	-	-
Total deferred tax	(0.2)	(0.3)
Tax on profit on ordinary activities	44.6	39.5

(b) Tax income included in equity

	2019 £m	2018 £m
Current tax	0.3	-
Deferred tax	0.2	(0.1)
Total tax charge/(credit)	0.5	(0.1)

(c) Reconciliation of tax charge

Tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for the year ended March 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £m	2018 £m
Profit on ordinary activities before taxation	251.3	222.1
Profit multiplied by the standard rate of tax in the UK of 19% (2018: 19%)	47.7	42.2
Effects of:		
Income not subject to tax	(1.8)	(0.3)
Other permanent differences	-	-
Expenses not deductible for tax purposes	0.3	0.5
Group relief for nil consideration	(1.5)	(2.0)
Adjustments in respect of prior periods	(0.1)	(0.9)
Tax charge for the year	44.6	39.5

For the year ended 31 March 2019

6 Taxation on profit on ordinary activities (continued)**(d) Tax rate changes**

The tax charge for the year is based on the standard rate of corporation tax for the period of 19% (2018: 19%). Deferred tax has been measured at the tax rate expected to be applicable at the date the deferred income tax assets and liabilities are realised. This has been calculated at an average rate of 17% (2018: 17%).

7 Intangible assets

	Goodwill	Software	Total
	£m	£m	£m
Cost			
At 31 March 2018	75.9	66.8	142.7
Additions	-	0.6	0.6
Disposals	(11.6)	(42.3)	(53.9)
At 31 March 2019	64.3	25.1	89.4
Amortisation			
At 31 March 2018	51.0	62.7	113.7
Charge for the year	1.6	2.8	4.4
Disposals	(3.9)	(42.3)	(46.2)
At 31 March 2019	48.7	23.2	71.9
Net book value			
At 31 March 2019	15.6	1.9	17.5
At 31 March 2018	24.9	4.1	29.0

The software intangible assets include the Company's order to cash billing system which was created for the Company's specific requirements. The asset is carried at £1.6 million (2018: £3.7 million). There are no other individually material intangible assets.

Disposals of Goodwill in the year relate to the sale Auto Trader Auto Stock Limited, which was sold as part of the consideration for shares in Dealer Auction (Holdings) Limited, a newly formed joint venture. Software disposals relate to fully amortised intangible assets.

Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation of these intangible assets is calculated using the straight-line method and is charged to administrative expenses.

Goodwill has been allocated to the cash-generating unit (CGU) using an earnings before interest, tax, depreciation and amortisation weighting. The nominal discount rate used to measure each CGU was 8.5% (2018: 8.0%). The inflation rate which has been applied to the CGU is 3.0% (2018: 2.0%). No reasonable change in these assumptions would result in a material change to the value of the impairments.

For the year ended 31 March 2019

8 Tangible assets

	Leasehold improvements £m	Office equipment £m	Assets under construction £m	Total £m
Cost				
At 31 March 2018	4.4	16.1	0.1	20.6
Additions	-	1.5	-	1.5
Disposals	(0.8)	(4.1)	-	(4.9)
At 31 March 2019	3.6	13.5	0.1	17.2
Depreciation				
At 31 March 2018	2.1	12.3	-	14.4
Charge for the year	0.3	2.5	-	2.8
Disposals	(0.8)	(4.1)	-	(4.9)
At 31 March 2019	1.6	10.7	-	12.3
Net book value				
At 31 March 2019	2.0	2.8	0.1	4.9
At 31 March 2018	2.3	3.8	0.1	6.2

The depreciation expense of £2.8 million (2018: £2.8 million) has been recognised in administrative expenses.

For the year ended 31 March 2019

9 Investments

	Total £m
At 31 March 2018	7.7
Additions	48.1
At 31 March 2019	55.8

On 31 December 2018, the Company acquired 49% of the ordinary share capital of Dealer Auction (Holdings) Limited for consideration of £48.1m, this consisted of £19.7m Cash consideration and 100% of the share capital of Auto Trader Autostock Limited for £28.4m.

There have been no impairment charges in the current year (2018: £nil).

Fixed asset investments comprise equity shares in the following subsidiaries and associates, none of which are publicly traded.

Subsidiary company	Principal activity	Country of registration or incorporation	Ordinary shares %
Webzone Limited ¹	Online marketplace	Republic of Ireland	100%
Trader Licensing Limited ²	Dormant company	England and Wales	100%

1 Registered office address for the Republic of Ireland company is Paramount Court, Corrig Road, Sandymount Industrial Estate, Dublin 18, D18 R9C7

2 Registered office address for UK companies is disclosed in note 17 to these financial statements

Associate company	Principal activity	Country of registration or incorporation	Ordinary shares %
Dealer Auction (Holdings) Limited ¹	Holding Company	England and Wales	49%
Dealer Auction Limited ¹	Online marketplace	England and Wales	49%
Auto Trader Autostock Limited ¹	Online marketplace	England and Wales	49%
Dealer Auction Services Limited ¹	Online marketplace	England and Wales	49%

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

The Company holds a 15.99% (2018: 15.99%) interest in the preferred share capital of IAUTOS Company Limited. IAUTOS Company Limited is an intermediate holding company through which trading companies incorporated in the People's Republic of China are held. This investment was fully impaired in the year to 31 March 2014 as the Chinese trading companies are loss making with forecasted future cash outflows.

For the year ended 31 March 2019

10 Debtors

	2019	2018
	£m	£m
Trade debtors	24.5	24.8
Amounts owed by Group undertakings	1,467.6	1,280.3
Deferred taxation asset	4.8	4.5
Other debtors	0.2	0.1
Prepayments and accrued income	31.1	29.3
	1,528.2	1,339.0

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £2.1 million (2018: £3.1 million).

The deferred tax asset consists of the following:

	2019	2018
	£m	£m
Accelerated capital allowances	3.7	3.8
Other timing differences	1.1	0.7
	4.8	4.5

11 Creditors: amounts falling due within one year

	2019	2018
	£m	£m
Trade creditors	4.2	3.6
Amounts owed to Group undertakings	0.2	0.3
Corporation tax	22.4	19.8
Other taxation and social security	12.8	11.7
Other creditors	0.7	1.0
Accruals and deferred income	26.7	14.9
	67.0	51.3

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

For the year ended 31 March 2019

12 Provisions for liabilities

The Company had the following provisions during the year:

	Onerous lease and dilapidations provision £m	Holiday pay provision £m	Total £m
At beginning of the year	1.1	0.3	1.4
Charged to profit or loss	0.1	0.3	0.4
Amounts utilised in the year	-	(0.3)	(0.3)
At end of year	1.2	0.3	1.5

The onerous lease provision was provided for future payments under property leases in respect of unoccupied properties no longer suitable for the Company's use. This has been fully utilised in the current year.

Dilapidations have been provided on all United Kingdom and Ireland properties based on the estimate of costs upon exit of the leases, which expire between April 2025 and February 2029.

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

13 Called-up share capital

	2019 £m	2018 £m
<i>Allotted, called-up and fully paid</i>		
210,533,602 (2018: 210,533,602) ordinary shares of £1 (2018: £1) each	210.5	210.5

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

For the year ended 31 March 2019

14 Post-employment benefits

The Company operates several pension schemes for its current and former employees. The amount recognised in the balance sheet is as follows:

	Note	2019 £m	2018 £m
Net defined benefit scheme liability	14 (a)	-	-

The amount recognised in the profit and loss account is as follows:

	Note	2019 £m	2018 £m
Defined benefit scheme			
- Current service cost	14 (a)	-	-
- Past service cost	14 (a)	0.4	-
Defined contribution scheme	14 (b)	2.2	1.8
Total charge in Operating profit		2.6	1.8
Defined benefit scheme			
- Net interest expense	14 (a)	-	-
Total charge		2.6	1.8

(a) Defined benefit scheme

The "Wiltshire (Bristol) Limited Retirement Benefits Scheme" provides benefits based on final pensionable pay and this wholly funded scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the Group's defined contribution scheme.

The most recent actuarial valuation of the defined benefit obligations was performed as at 30 April 2018 by a qualified independent actuary. Adjustments to the valuation at that date have been made based on the following assumptions:

	2019	2018
Expected rate of increases in pensions in payment	2.35%	2.25%
Discount rate	2.45%	2.60%
Rate of inflation (RPI)	3.45%	3.35%

For the year ended 31 March 2019

14 Post-employment benefits (continued)

The Group has assumed that mortality will be in line with the 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
Longevity at age 65 for current pensioners		
- Male	87	87
- Female	89	89
Longevity at age 65 for future pensioners		
- Male	89	89
- Female	91	91

Reconciliation of scheme assets and liabilities:

	Assets £m	Liabilities £m	Total £m
At 31 March 2017	21.0	(21.0)	-
Benefits paid	(1.0)	1.0	-
Contributions paid by the employer	0.1	-	0.1
Interest income/(expense)	0.5	(0.5)	-
Remeasurement gains	-	0.8	0.8
Effect of surplus cap	(0.9)	-	(0.9)
At 31 March 2018	19.7	(19.7)	-
Past service cost	-	(0.4)	(0.4)
Benefits paid	(0.4)	0.4	-
Contributions paid by the employer	0.1	-	0.1
Interest income/(expense)	0.5	(0.5)	-
Remeasurement gains	1.0	0.2	1.2
Effect of surplus cap	(0.9)	-	(0.9)
At 31 March 2019	20.0	(20.0)	-

Total cost recognised as an expense:

	2019	2018
Current service cost	-	-
Past service cost	0.4	-
Interest cost	-	-
	0.4	-

The amount included in the cost of assets is £nil (2018: £nil).

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.

For the year ended 31 March 2019

14 Post-employment benefits (continued)

The Company has agreed to contribute £70,000 per annum to the scheme with effect from 1 October 2016 for a period of three years and has committed to contribute £140,000 per annum from 1 April 2019. During the year to 31 March 2019 the Company contributed £70,000 to the scheme (2018: £70,000).

The fair value of the plan assets was:

	2019	2018
	£m	£m
Equities	12.2	11.4
Corporate bonds	8.9	8.5
Real estate	1.1	1.1
Total fair value of assets	22.2	21.0
Present value of scheme liabilities	(20.0)	(19.7)
Surplus in the scheme	2.2	1.3
Effect of surplus cap	(2.2)	(1.3)
Net pension asset	-	-

The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

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

The return on plan assets was:

	2019	2018
	£m	£m
Interest income	0.5	0.5
Return on plan assets less interest income	-	-
Total return on plan assets	0.5	0.5

(b) Defined contribution scheme

The Company provides a defined contribution scheme for its employees. The amount recognised as an expense for the defined contribution scheme was:

	2019	2018
	£m	£m
Current period contributions	2.2	1.8

15 Financial commitments

Capital expenditure contracted for at the end of the year but not yet incurred was £nil (2018: £nil).

The total commitments of the Company under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2019	2018	2019	2018
	£m	£m	£m	£m
Operating leases which fall due:				
- within one year	2.5	2.5	0.2	0.5
- between two and five years	9.3	9.9	0.1	0.2
- over five years	6.5	9.8	-	-
	18.3	22.2	0.3	0.7

16 Contingent liabilities – financial guarantees

The Company has access to a Group cash management facility and guarantees the facility to the extent of its cash deposited in the United Kingdom with its clearing bank.

The Company and other subsidiaries in the Auto Trader Group plc Group have jointly and severally guaranteed the borrowings under the Syndicated Term Loan and revolving credit facility. Details of these banking arrangements are included in the financial statements of Auto Trader Group plc, which can be obtained from the address given in note 17.

17 Controlling parties

The Company's immediate parent company is Auto Trader Holding Limited, which is incorporated and registered in England and Wales.

The ultimate parent undertaking and controlling party is Auto Trader Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Auto Trader Group plc consolidated financial statements can be obtained from the Company Secretary at 1 Tony Wilson Place, Manchester, M15 4FN.

18 Post balance sheet event

The On 1 October 2019, the company acquired the entire share capital of KeeResources Limited and its subsidiary undertakings for consideration, net of cash acquired of £25.3m.

KeeResources is a trusted provider of software, data, and digital solutions to the auto-motive industry, including a detailed vehicle dataset for new and used cars which Auto Trader uses to power its platform. KeeResources has been an integral supplier to Auto Trader, as its unique vehicle data underpins much of the Auto Trader core platform. Annual revenue and Operating profit of KeeResources Limited for the financial year ending December 2018 was £5.5m and £0.8m respectively.

As at the date of this report, we have not yet concluded the accounting for this acquisition.