Auto Trader Limited

Annual report and financial statements for the year ended 31 March 2023

Registered number: 03909628

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The Directors present their strategic report for Auto Trader Limited (the "Company") for the year ended 31 March 2023.

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
Revenue has increased by £41.3 million to £465.7 million (2022: £424.4 million). Trade revenue, which comprises revenue from Retailers, Home Traders and other smaller revenue streams, increased by 10% to £420.6 million (2022: £380.8 million).

Operating profit has increased to £332.1 million (2022: £303.4 million), reflecting the increase in revenue. The profit for the financial year ended 31 March 2023 as set out on page 12, was £292.6 million (2022: £255.5 million). The Company paid no dividends in the year (2022: £nil).

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 (the "Group"), 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 continues to be 'Driving Change.Together. Responsibly.' We deliver on this through our three strategic priorities detailed below, alongside our commitment to always being a responsible business.

- **Classified Marketplace:** The largest and most engaged consumer audience underpins our network effect marketplace model. We aim to maintain our leadership position across both new and used vehicles and continue to increase the breadth and depth of vehicles available to buy. Whilst creating value to allow retailers and manufacturers to increase sales, we continue to invest in the technology to enable the online car buying experience and in the onsite tools that consumers need to help them make the most informed decisions.
- **Platform:** A key strategic priority is to further embed our data into the industry, giving buyers and retailers up-to-date insight, allowing them to make better and faster decisions. We aim to provide both data and insight capabilities to support a multitude of customers across many segments, solving a variety of challenges. Our data provides the accuracy, scale and ease of integration to suit our customers' needs. We continue to make progress; this year we have not only increased the volume of data we have shared but also the frequency.
- **Digital Retailing:** Building on both our platform and marketplace, we are bringing more of the car buying journey online. Our approach to digital retailing is to be 'car first' and to enable any retailer (including manufacturers and leasing companies) to sell their cars online. With this goal in mind, we will initially offer two digital retailing consumer journeys: a used car Deal Builder journey on Auto Trader and a fully online retailing journey for new vehicles.

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	**2023**	2022
Revenue (£ millions)	**465.7**	424.4
Operating profit (£ millions)	**332.1**	303.4
Number of full-time equivalent employees	**938**	890

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 automotive economy, market and business environment; climate change; attracting and retaining a skilled workforce; reliance on third parties and partners; IT systems and cyber security; failure to innovate: disruptive technologies and changing consumer behaviours; legal and regulatory compliance; competition; brand and reputation; external catastrophic and geo-political events. 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 20 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
In the last year, adverse market reaction to UK Government policy, the enduring impacts of Covid19 and the conflict in Ukraine have all led to high inflation. Should the resultant rise in the cost of living be sustained for a lengthy period, it could have an impact on the ownership model of vehicles, potentially with a lower volume of vehicles per household. We have not witnessed any clear negative impact on vehicle buying and selling in the UK as a result of cost of living pressures to date, but this cannot be ruled out in the future. Despite this wider economic uncertainty, the Board remains confident in the Company's long-term growth prospects.

Production delays of new cars due to well documented worldwide semi-conductor shortages have had an impact on new and nearly new supply. This has in turn impacted the supply of used vehicles, combined with strong demand has lead to extraordinary period of like-for-like pricing growth.

As set out in note 1 to the financial statements, these financial statements have been prepared on a going concern basis.

On behalf of the Board

J Warner
Director
1 August 2023

1 Tony Wilson Place
Manchester
M15 4FN

The Directors present their report on the Company for the year ended 31 March 2023.

Results and dividends
The Company's profit for the financial year was £292.6 million (2022: £255.5 million) which was transferred to reserves. The Company paid no dividends in the year (2022: paid £nil). The Directors do not recommend payment of a final dividend (2022: £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:

N Coe	Director
C Faiers	Director
J Warner	Director
C Baty	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 20 of 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 (2022: £nil).

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 a strong health and safety framework and culture has been created 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 Auditor
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.

Webzone Limited
On 24 October 2022, the Company disposed of one of its direct subsidiaries, Webzone Limited. The business was sold to Mediahuis Ireland for consideration of €30 million.

How we engage with our stakeholders
Directors are required to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, whilst also having regard to the factors listed in Section 172 of the Companies Act 2006. The tables on pages 6-7 sets out how we engage with our key stakeholders.

Environmental impact
The Company is exempt from reporting its direct and indirect greenhouse gas emissions due to its inclusion in the Strategic Report of Auto Trader Group plc. The financial statements of Auto Trader Group plc can be obtained from the address given in note 20 of the financial statements.

Disclosure of information to Auditor
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 Auditor is 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 Auditor is 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 for Auto Trader Limited. Stress case scenarios have been modelled to make the assessment of going concern, taking into account severe but plausible potential impacts of a severe economic downturn and a data breach within the next 12 months. The results of the stress testing demonstrated that Auto Trader Limited would be able to withstand the impact and remain cash generative. 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.

Approved by the Directors on 1 August 2023 and signed on their behalf

C Baty
Company Secretary
1 Tony Wilson Place
Manchester
M15 4FN

Directors are required to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, whilst also having regard to the factors listed in Section 172 of the Companies Act 2006.

As a marketplace, we have a diverse set of stakeholders and aim to balance their needs and outcomes, for example, balancing those of our consumers (users of the website) with those of our customers (retailers, manufacturers and other customers). We acknowledge that not every decision we make will necessarily result in a positive outcome for all of our stakeholders. By understanding our stakeholders, and by considering their diverse needs, we factor into boardroom discussions the potential impact of our decisions on each stakeholder group.

The table below sets out how we engage with our key stakeholders. Not all information is reported directly to the Board and not all engagement takes place directly with the Board. However, the output of this engagement informs business-level decisions, with an overview of developments and relevant feedback being reported to the Board and/or a Board Committee.

Consumers

Their needs

- Ease of buying or selling a vehicle
- Comprehensive choice of vehicles
- Clear and transparent information about the vehicle, about the seller and about the payment options
- Offering good levels of consumer support when there is a problem

How we engage

- We speak to consumers for our Car Buyers Report, and biannual consumer brand trackers to gauge views on the car market
- Consumer onsite surveys providing feedback on user experience
- Consumer user testing of new products, services and brand designs on our website
- Workshops with people who are neurodiverse and potentially vulnerable consumers, which feeds into our consumer facing products (including how we display finance)
- Complaints and customer security teams operate seven days a week

Our people

Their needs

- Diversity and inclusion
- Training, career development and progression
- Fair reward, recognition and benefits
- Working conditions, environment and wellbeing

How we engage

- Board Engagement Guild engages directly with the Board (without management present) on matters such as the cost of living crisis
- Biannual all-employee conferences and regular CEO and OLT virtual business updates
- Annual employee benefits roadshows and salary workshops
- Annual Save As You Earn share scheme for all employees
- Regular employee check-in surveys
- Health and safety assessments
- Wellbeing forums
- Inclusive Leadership Programme and Diverse Talent Accelerator, which focuses on developing diverse talent across the business
- Independent whistleblowing service

Customers

Their needs

- Making the car selling process more efficient
- Access to data to make informed sourcing and disposing decisions
- High-quality access to car buyers
- Receiving value for money from Auto Trader, product quality and cost
- Sourcing vehicles
- Building strong partnerships

How we engage

- Monthly retailer sentiment surveys, which evaluate product improvements and value

Partners & suppliers

Their needs

- Working collaboratively on innovations
- Increasing revenue from shared opportunities
- Fair trading and terms and conditions
- Building long-term relationships

How we engage

- Regular engagement with suppliers and partners, including by a number of our OLT members.
- Procurement processes in place to onboard new suppliers, as well

The community & the environment

Their needs

- Energy usage and carbon emissions
- The transition to electric vehicles
- Supporting and working with, and in, the local communities in which we operate
- Environmental, social and governance ('ESG') factors

How we engage

- Corporate Responsibility Committee holds the business to account on its cultural KPIs
- Employee networks managing our charitable support including our

• Forums with CEOs of big and mid-tier retailers, OEMs, car supermarkets, automotive finance companies to share latest data and insight • Regular thought leadership and insight-driven reports, such as the Road to 2030 Report • Hosting industry insight events, retailer performance masterclasses, webinars and conferences • Operational Leadership Team ('OLT') engages in business partnering programme and the Board visited customers this year • Sales teams, both telesales and field sales, are in constant dialogue with all our customers • Customers attend select Board meetings	as arranging regular check-ins for ongoing relationships • Agreeing ways of working with new suppliers or partners and providing feedback during ongoing projects • encouraging an open dialogue to ensure we work collaboratively and share learnings • Regular monitoring and review of financial and operating resilience • Analyse the time taken to pay suppliers via regular reporting Applying our Ethical Procurement Policy which helps us to take a holistic view based on cultural alignment when deciding which suppliers and partners we should work with	Auto Trader Community Fund and our sustainability strategy • Supporting organisations such as Manchester Digital, and the Automotive 30% club, and local schools and colleges though STEM ambassadors • Carbon Literacy training for all employees and funding an automotive toolkit for industry use • Net Zero Working Group, responsible for leading our carbon reduction plans and reporting in line with the TCFD framework • Sharing data and insight with industry bodies and government departments to support policy required to enable to mass adoption of electric vehicles conduct regular consumer research and user testing to understand what information is most helpful when buying an electric vehicle

How this engagement influenced Board discussions and decision-making

In making its decision about whether to proceed with the disposal of Webzone Limited, the Board considered various factors, including the valuation of the business in comparison to current profitability; the impact of the disposal on the Auto Trader UK business; the impact on Webzone Limited's management team and employees; and the impact on Webzone Limited's customers and suppliers, which were taken into account when negotiating the final terms of the disposal.

As inflation began to rise and the cost of living crisis began to impact daily life, the Board considered the impact on stakeholders in response to growing financial concerns.

The Board devoted significant time to reviewing the impact on the business and each stakeholder group. This included our product and pricing strategy; the management of our own cost base; the impact on employees (particularly lower paid employees); the implications for customers, consumers and suppliers; as well as considering any impacts on the wider community and the environment.

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 are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006 and applicable law. They have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' applicable in the United Kingdom and the Republic of Ireland' ('FRS 101') and the Companies Act 2006.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2023 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and management of the Company and Auto Trader Group plc and inspection of policy documentation as to the Company and Group's high-level policies and procedures to prevent and detect fraud, including the outsourced internal audit function, and the channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account performance incentives and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is not material judgement or estimation in revenue recognition and no significant opportunity for fraudulent material misstatement, given the low value and high volume of transactions.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unexpected accounts and journal descriptions which may indicate high risk.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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 and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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 Company 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.

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

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. 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;

- in our opinion the information given in the strategic report and the directors' report 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 8, 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.

Auditor's responsibilities

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

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

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

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

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

1 August 2023

Profit and loss account

For the year ended 31 March 2023

	Note	2023 £m	2022 £m
Revenue	2	**465.7**	424.4
Operating Costs		**(133.6)**	(121.0)
Operating profit	3	**332.1**	303.4
Amounts written off investments		**-**	(3.6)
Income from shares in group undertakings		**2.9**	12.6
Interest payable and similar expenses		**-**	(0.2)
Profit on disposal of subsidiary	6	**18.9**	-
Profit on ordinary activities before taxation		**353.9**	312.2
Tax on profit on ordinary activities	7	**(61.3)**	(56.7)
Profit for the financial year		**292.6**	255.5

All results arise from continuing activities in both financial years.

As outlined in the basis of preparation on page 16, the current period is for the year ended 31 March 2023 and the comparative period is for the year ended 31 March 2022.

The notes on pages 16 to 38 form an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 March 2023

	2023 £m	2022 £m
Profit for the financial year	**292.6**	255.5
Remeasurements of post-employment benefit obligations	**(0.4)**	0.2
Other comprehensive income for the year, net of tax	**(0.4)**	0.2
Total comprehensive income for the year	**292.2**	255.7

The notes on pages 16 to 38 form an integral part of these financial statements.

Balance sheet

As at 31 March 2023

	Note	2023 £m	2022 £m
Non-current assets			
Intangible assets	8	**35.3**	36.8
Plant, property and equipment	9	**10.7**	14.2
Investments	11	**66.0**	73.5
Deferred taxation assets	16	**2.0**	0.9
Post-employment benefits	18	**0.5**	3.7
		114.5	129.1
Current assets			
Debtors	12	**1,378.3**	1,066.2
Cash at bank and in hand		**8.7**	20.6
		1,387.0	1,086.8
Creditors: Amounts falling due within one year	14	**(48.1)**	(57.0)
Net current assets		**1,338.9**	1,029.8
Total assets less current liabilities		**1,453.4**	1,158.9
Non-current liabilities			
Lease Liabilities	10	**(4.4)**	(6.0)
Provisions for liabilities	15	**(2.0)**	(2.0)
		(6.4)	(8.0)
Net assets		**1,447.0**	1,150.9
Capital and reserves			
Called up share capital	17	**210.5**	210.5
Share premium account		**243.2**	243.2
Retained earnings		**993.3**	697.2
Total equity		**1,447.0**	1,150.9

The notes on pages 16 to 38 form an integral part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 1 August 2023 and were signed on its behalf.

J Warner
Director

Auto Trader Limited
Registered number: 03909628

Statement of changes in equity

For the year ended 31 March 2023

	Note	Called up share capital £m	Share premium account £m	Retained earnings £m	Total equity £m
Balance at 31 March 2021		**210.5**	**243.2**	**438.8**	**892.5**
Profit for the financial year		-	-	255.5	255.5
Remeasurements of post-employment benefit obligations		-	-	0.2	0.2
Total comprehensive income for the year		-	-	255.7	255.7
Transactions with owners:					
Share-based payments	5	-	-	3.7	3.7
Tax on share-based payments recognised		-	-	0.1	0.1
Dividends paid		-	-	(1.1)	(1.1)
Total transactions with owners, recognised directly in equity		-	-	2.7	2.7
Balance at 31 March 2022		**210.5**	**243.2**	**697.2**	**1,150.9**
Profit for the financial year		-	-	**292.6**	**292.6**
Remeasurements of post-employment benefit obligations		-	-	**(0.4)**	**(0.4)**
Total comprehensive income for the year		-	-	**292.2**	**292.2**
Transactions with owners:					
Share-based payments	5	-	-	**3.5**	**3.5**
Tax on share-based payments recognised		-	-	**0.4**	**0.4**
Total transactions with owners, recognised directly in equity		-	-	**3.9**	**3.9**
Balance at 31 March 2023		**210.5**	**243.2**	**993.3**	**1,447.0**

The notes on pages 16 to 38 form an integral part of these financial statements.

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 101 'Reduced Disclosure Framework' applicable in the United Kingdom and the Republic of Ireland' ('FRS 101') 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 2023 and for the year ended 31 March 2022. 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 20 to these financial statements.

Exemptions taken
The entity satisfies the criteria of being a qualifying entity as defined in FRS 101. Its financial statements are consolidated into the consolidated financial statements of Auto Trader Group plc. The shareholders of the Company have been informed of the use of the disclosure exemptions set out in FRS 101, and have not objected to their adoption, specifically in relation to the Company not preparing its own cash flow statement, the disclosure of transactions between companies within the same group, certain financial instrument disclosures, certain lease disclosures, certain share-based payment disclosures and the non-disclosure of the compensation of key management personnel with the intention to continue to take disclosure exemptions in the next financial statements.

Functional and presentation currency
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.

Critical accounting judgements and estimation uncertainty
The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. 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:

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

The Company recognises lifetime expected credit losses ('ECLs') for trade receivables and accrued income. The expected credit losses are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for any macro-economic factors. At 31 March 2022, ECLs were adjusted for the macro-economic uncertainty around retailer profitability driven by used car price volatility. A consistent level of ECLs has been recorded at 31 March 2023.

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 for Auto Trader Limited. Stress case scenarios have been modelled to make the assessment of going concern, taking into account severe but plausible potential impacts of a severe economic downturn and a data breach within the next 12 months. The results of the stress testing demonstrated that Auto Trader Limited would be able to withstand the impact and remain cash generative. 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.

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

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.

(i) 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.

(ii) Foreign operations
The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency other than sterling are translated into sterling as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- income and expenses for each income statement are translated at average exchange rates.

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

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.

(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 asset or 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 101 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 asset".

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 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.

The Company has taken advantage of the exemption in respect of certain Share Based Payments disclosures.

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. 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 Company operates and generates taxable income.
Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts are included in the 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 Company 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.

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 Company'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 as follows:

(i) Trade revenue

Trade revenue comprises fees from retailers, home traders, data customers and logistics customers for advertising on the Company's platforms and utilising the Company's services.

Retailer revenue
Retailer customers pay a monthly subscription fee to advertise their stock on the Company'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 Company level and are ongoing subject to a 30-day notice period. Revenue is invoiced monthly in arrears. Retailers have the option to enhance their presence on the platform through additional products, each of which has a distinct performance obligation. For products that provide enhanced exposure across the life of the product, control is passed to the customer over time. Revenue is only recognised at a point in time for additional advertising products where the customer does not receive the benefit until they choose to apply the product. Additional advertising products are principally billed on a monthly subscription basis in line with their core advertising package, however certain products are billed on an individual charge basis. The Company 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 Company'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 Company'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 Company's platform for a specified period of time. Revenue is deferred until the customer obtains control over the services. Control is obtained by customers across the life of the contract as their vehicle is continually listed. Contracts for these services are typically entered into for a period of between two and six weeks.

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

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

(ii) Consumer Services revenue

Consumer Services comprises fees from private sellers for vehicle advertisements on the Company'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 Company's platform for a specified period of time. Control is obtained by customers across the life of the contract as their stock is continually listed. Contracts for these services are typically entered into for a period of between two and six weeks and revenue is recognised over this time. Revenue is also generated from third-party partners who utilise the Company's platforms to advertise their products under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers at a point in time when the service is provided. Revenue is also generated through Instant Offer, providing consumers with a guaranteed price for their vehicle offered by a third-party buyer. The Company's fee is recognised as revenue when the consumer's vehicle is collected by the third-party buyer.

(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 Company's websites under a variety of contractual arrangements, with each service being a separate performance obligation. Control is obtained by customers across the life of the contract as their advertising is displayed on the different platforms. Rebates are present in the contractual arrangements with customers and are awarded either in cash or value of services based upon annual spend; an estimate of the annualised spend is made at the reporting date to determine the amount of revenue to be recognised. A receivable is recognised only when the Company's right to consideration is only conditional on the passage of time.

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

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

c) Acquired computer software controlled by the Company 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) Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the Company 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 at which they come into use.

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

Investments in Subsidiaries
Investments in subsidiary, associates 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.

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.

Leases
At inception of a contract, the Company 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 Company recognises a right of use asset and a lease liability at the lease commencement date other than as noted below.

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

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

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

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

The Company 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.

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:

• 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.

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.

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

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

The Company recognises loss allowances for expected credit losses ('ECLs') for trade receivables and accrued income. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(ii) Financial liabilities
Financial liabilities are classified as measured at amortised cost or fair value through profit and loss. 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.

2 Revenue

Revenue is attributable to the principal activity of the Company and is earned entirely within the United Kingdom. Revenue is largely recognised over time.

Revenue is analysed as follows:	**2023**	2022
	£m	£m
Trade	420.6	380.8
Consumer Services	34.4	33.2
Manufacturer & Agency	10.7	10.4
Total revenue	**465.7**	424.4

3 Operating profit

Operating profit is stated after charging:

	2023	2022
	£m	£m
Wages and salaries	57.8	53.3
Social security costs	5.5	4.8
Defined contribution pension costs (note 18)	3.1	2.9
Share-based payments and associated national insurance costs (note 5)	3.9	4.4
Staff costs	**70.3**	65.4
Depreciation of property, plant and equipment	4.3	4.4
Amortisation of intangible assets	1.8	2.0
Profit on sale of property, plant and equipment	0.7	-
Audit fees payable to the Company's auditors	0.5	0.4

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Auto Trader Group plc.

4 Employees and Directors

Employees

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

	2023 Number	2022 Number
Customer operations	434	386
Product and technology	343	354
Corporate	161	150
	938	890

The remuneration of Nathan Coe, Jamie Warner and Catherine Faiers (2022: Nathan Coe, Jamie Warner and Catherine Faiers) 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:

	2023 £m	2022 £m
Aggregate Directors' emoluments	5.9	4.9
Total	**5.9**	4.9

At the end of the year, three Directors (2022: three Directors) were members of the Company's defined contribution scheme.

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 five share schemes: the Share Incentive Plan, Performance Share Plan, Deferred Annual Bonus Plan, Single Incentive Plan Award and the Sharesave scheme.

All share-based incentives are subject to a service condition. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value of share-based payments with market conditions.

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 five schemes was £4.0 million (2022: £4.4 million). This included associated national insurance ('NI') at 13.8% and apprenticeship levy at 0.5%, based on the share price at the reporting date.

	2023 £m	2022 £m
Sharesave scheme ('SAYE')	0.5	0.8
Single Incentive Plan Award ('SIPA')	3.0	2.9
Total share-based payment charge	**3.5**	3.7
NI and apprenticeship levy on applicable schemes	0.5	0.7
Total charge	**4.0**	4.4

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,

5 Share-based payments (continued)

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.

Performance Share Plan
The Group operates a Performance Share Plan ('PSP') for Executive Directors, the Operational Leadership Team and certain key employees. The extent to which awards vest will depend upon the Group's performance over the three-year period following the award date. Both market based and non-market based performance conditions may be attached to the options, 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 23 June 2022, the Group awarded 360,695 nil cost options under the PSP scheme. For the 2022 awards, the Group's performance is measured by reference to growth in Operating profit (70% of the award), Revenue (20% of the award) and Carbon reduction (10% of the award) over a three-year period to March 2025.

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

The fair value of the 2022 award was determined to be the share price at grant date. In previous years, the total shareholder return element was valued using the Monte Carlo model. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date.

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

On 23 June 2022, the Group awarded 681,586 nil cost options under the SIPA scheme. For the 2022 awards, 75% of the award value is dependent on FY23 Operating profit and the remaining 25% is subject to successful implementation of digital retailing related products by 31 March 2023.

The fair value of the 2022 award was determined to be £5.31 per option, being the share price at grant date. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date. SIPA holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares.

6. Disposal of a subsidiary

Sale of Webzone Limited
On 24 October 2022, the Company disposed of one of its direct subsidiaries, Webzone Limited. The business was sold to Mediahuis Ireland for consideration of €30.0m.

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

	24 October 2022
	£m
Goodwill	5.7
Property, plant and equipment	0.6
Deferred taxation assets	0.1
Trade and other receivables	0.9
Cash and cash equivalents	0.8
Lease liabilities	(0.7)
Trade and other payables	(0.5)
Net identifiable assets/(liabilities) disposed of	**6.9**
Cash consideration received	26.4
Net identifiable assets disposed of	(6.9)
Realisation of cumulative currency translation difference	(0.6)
Profit on disposal of subsidiary	**18.9**

7 Taxation on profit

(a) Tax expense included in profit or loss

	2023 £m	2022 £m
Current tax:		
UK corporation tax on profits for the year	61.2	56.6
Adjustment in respect of prior periods	(0.2)	(0.4)
Total current tax	**61.0**	56.2

Deferred tax:		
Origination and reversal of temporary differences	0.4	0.4
Impact of change in tax rate	-	0.1
Adjustment in respect of prior periods	(0.1)	-
Total deferred tax	0.3	0.5
Tax on profit	**61.3**	56.7

(b) Tax expense included in equity

	2023 £m	2022 £m
Current tax	0.2	0.3
Deferred tax	1.3	0.3
Total tax charge	**1.5**	**0.6**

(c) Reconciliation of tax charge

Tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for the year ended March 2023 of 19% (2022: 19%). The differences are explained below:

	2023 £m	2022 £m
Profit on ordinary activities before taxation	**353.9**	**312.2**
Profit multiplied by the standard rate of tax in the UK of 19% (2022: 19%)	67.2	59.3
Effects of:		
Income not subject to tax	(4.3)	(1.7)
Expenses not deductible for tax purposes	1.2	1.2
Group relief for nil consideration	(2.5)	(0.9)
Adjustments in respect of prior periods	(0.3)	(0.4)
Effect of rate change on deferred taxation	-	(0.8)
Tax charge for the year	**61.3**	**56.7**

(d) Tax rate changes

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.

On 10 June 2021, Royal Assent to the Finance Act was given to increase the UK corporation tax from 19% to 25% from 1 April 2023. 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 25% being used to measure all deferred tax balances as at 31 March 2023 (2022: 20%).

8 Intangible assets

	Goodwill £m	Software £m	Other £m	Total £m
Cost				
At 31 March 2022	69.1	19.2	23.0	111.3
Additions	-	0.3	-	0.3
At 31 March 2023	**69.1**	**19.5**	**23.0**	**111.6**
Accumulated amortisation				
At 31 March 2022	42.7	18.9	12.9	74.5
Charge for the year	-	0.3	1.5	1.8
At 31 March 2023	**42.7**	**19.2**	**14.4**	**76.3**
Net book value				
At 31 March 2023	**26.4**	**0.3**	**8.6**	**35.3**
At 31 March 2022	26.4	0.3	10.1	36.8

Other intangibles include customer relationships, technology, trade names, trademarks, non-compete agreements and brand assets. Intangible assets which have a finite useful life are carried at cost less accumulated amortisation.

For the year to 31 March 2023, the amortisation charge of £1.8m (2022: £2.0m) has been charged to administrative expenses in the income statement. At 31 March 2023, there were no software and website development costs representing assets under construction (2022: £nil).

In accordance with FRS 101, 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.

The recoverable amount of the one CGU is determined from value-in-use calculations that use discounted cash flow projections from the latest business plan. The carrying value is forecast to be recovered within one year of forecasted cash flows from this mature operating business and the impairment assessment is not sensitive to any reasonably possible change.

9 Property, plant and equipment

	Land, building and leasehold improvements £m	Office equipment £m	Assets under construction £m	Motor Vehicles £m	Total £m
Cost					
At 31 March 2022	21.9	15.5	0.3	1.7	39.4
Additions	1.5	2.4	-	-	3.9
Disposals	(5.4)	(3.2)	(0.3)	(0.4)	(9.3)
At 31 March 2023	**18.0**	**14.7**	**-**	**1.3**	**34.0**
Depreciation					
At 31 March 2022	11.4	12.4	-	1.4	25.2
Charge for the year	2.5	1.6	-	0.2	4.3
Disposals	(2.8)	(3.0)	-	(0.4)	(6.2)
At 31 March 2023	**11.1**	**11.0**	**-**	**1.2**	**23.3**
Net book value					
At 31 March 2023	**6.9**	**3.7**	**0.0**	**0.1**	**10.7**
At 31 March 2022	10.5	3.1	0.3	0.3	14.2

The depreciation expense of £4.3 million (2022: £4.4 million) has been recognised in administrative expenses. Property, plant and equipment includes lease right of use assets of £6.1m (2022: £7.8m).

10 Leases

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

	2023 £m	2022 £m
Net book value of property, plant and equipment owned	**4.6**	6.4
Net book value right of use assets	**6.1**	7.8
At 31 March 2023	**10.7**	14.2

Net book value of right of use assets	Land, building and leasehold improvements £m	Office equipment £m	Motor Vehicles £m	Total £m
At 31 March 2021	**4.5**	**0.1**	**0.4**	**5.0**
Additions	5.1	-	0.2	5.3
Depreciation charge	(2.1)	(0.1)	(0.3)	(2.5)
At 31 March 2022	**7.5**	**-**	**0.3**	**7.8**
Additions	1.5	0.1	-	1.6
Disposals	(1.0)	-	-	(1.0)
Depreciation charge	(2.1)	-	(0.2)	(2.3)
At 31 March 2023	**5.9**	**0.1**	**0.1**	**6.1**

10 Leases (continued)

Lease liabilities on the balance sheet at 31 March:

	2023 £m	2022 £m
Current	**2.3**	2.8
Non-current	**4.4**	6.0
At 31 March 2023	**6.7**	8.8

The term recognised for certain leases has assumed lease break options are exercised. Certain lease rentals are subject to periodic market rental reviews. During the year, the Company relocated its London office to a new premises and exited its existing lease. In accordance with IFRS 16, the difference between the carrying value of the right of use asset and the lease liability at the date of the lease termination (£0.1m) was recognised in the income statement as a gain on disposal.

Amounts charged in the income statement:

	2023 £m	2022 £m
Depreciation charge for right of use assets	**2.3**	2.5
Interest on lease liabilities	**0.1**	0.2
Total amount charged in the income statement	**2.4**	2.7

Cash outflow:

	2023 £m	2022 £m
Cash outflow for leases	**2.7**	2.9

11 Investments

Cost	Shares in Subsidiaries £m	Shares in Joint Ventures £m	Total £m
At 1 April 2021	52.4	48.1	100.5
Re-designated to goodwill	(23.4)	-	(23.4)
Provision for impairment	(3.6)	-	(3.6)
At 31 March 2022	25.4	48.1	73.5
Disposals	(7.5)	-	(7.5)
At 31 March 2023	**17.9**	**48.1**	**66.0**

Dealer Auction Limited declared a dividend of £6.0m on 2 March 2023. The Company owns 49% of the ordinary share capital of Dealer Auction Limited and therefore received a dividend of £2.9m.

On 24 October 2022, the Company disposed of one of its direct subsidiaries, Webzone Limited, the carrying value of the investment at the date of disposal was £7.5m.

11 Investments (continued)

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 owned by company %	Ordinary shares owned by subsidiary %
Trader Licensing Limited[1]	Dormant company	England and Wales	100%	-
Blue Owl Network Limited[1]	Finance Platform	England and Wales	100%	-

1 Registered office address for UK companies is disclosed in note 20 to these financial statements

During the year, the Company disposed of Webzone Limited and liquidated KeeResources Limited.

Joint ventures	Principal activity	Country of registration or incorporation	Ordinary shares %
Dealer Auction Limited[1]	Online marketplace	England and Wales	49%
Dealer Auction (Operations) Limited[1]	Dormant company	England and Wales	49%
Auto Trader Autostock Limited[1]	Dormant company	England and Wales	49%
Dealer Auction Services Limited[1]	Dormant company	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% (2022: 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.

12 Debtors

	2023 £m	2022 £m
Trade receivables (invoiced)	25.6	24.7
Net accrued income	36.9	34.2
Trade receivables (total)	62.4	58.9
Amounts owed by Group undertakings	1,310.7	1,003.0
Prepayments	4.6	3.8
Corporation tax	0.6	0.5
	1,378.3	1,066.2

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 £3.3 million (2022: £2.4 million). Accrued income is stated after provisions for impairment of £1.1 million (2022: £1.2 million). Exposure credit risk and expected credit losses relating to trade and other debtors are disclosed in note 13.

13 Financial Instruments

Financial assets

	2023 £m	2022 £m
Trade receivables (invoiced)	25.5	24.7
Net accrued income	36.9	34.2
Net trade debtors (total)	62.4	58.9
Cash and cash equivalents	8.7	20.6
Total	**71.3**	**79.5**

Expected credit loss assessment
Expected credit losses are measured using a provisioning matrix based on actual credit loss experience over the past three years and adjusted, when required, to take into account current and forward-looking macro-economic factors. For certain customers the Company 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 debtors and accrued income from individual customers as at 31 March 2023.

	Expected credit loss rate	Gross Carrying Amount £m	Loss allowance £m	Credit Impaired
Accrued income	4.0%	38.0	1.1	No
Current	3.6%	23.4	0.8	No
Past due 1-30 days	10.2%	3.0	0.3	No
Past due 31-60 days	40.2%	0.3	0.1	No
Past due 61-90 days	77.1%	0.1	0.1	No
More than 91 days past due	100.0%	2.0	2.0	No
Total	**6.6%**	**66.8**	**4.4**	

Sensitivity analysis has been performed in assessing the expected credit loss rate. There are no changes to the rate that are considered by the Directors to be reasonably possible, which give rise to a material difference in the loss allowance. Comparative information about the exposure to credit risk and expected credit losses for trade debtors from individual customers as at 31 March 2022 is set out below:

	Expected credit loss rate	Gross Carrying Amount £m	Loss allowance £m	Credit Impaired
Accrued income	3.3%	35.4	1.2	No
Current	3.0%	22.9	0.7	No
Past due 1-30 days	8.6%	1.8	0.2	No
Past due 31-60 days	21.5%	0.6	0.1	No
Past due 61-90 days	50.4%	0.2	0.1	No
More than 91 days past due	82.9%	1.7	1.4	No
Total	**5.8%**	**62.6**	**3.7**	

The Company 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 debtors are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the financial asset directly. The movement in the allowance for impairment in respect of trade debtors during the year was as follows.

13 Financial Instruments (continued)

	2023	2022
	£m	£m
At 1 April	3.6	4.0
Charged during the year	1.7	0.4
Utilised during the year	(0.9)	(0.8)
At 31 March	**4.4**	**3.6**

14 Creditors: amounts falling due within one year

	2023 £m	2022 £m
Trade creditors	3.9	2.7
Lease liabilities	2.3	2.8
Other taxation and social security	17.0	20.5
Other creditors	0.5	0.4
Deferred consideration	-	8.0
Accruals and deferred income	24.4	22.6
	48.1	**57.0**

15 Provisions for liabilities

The Company had the following provisions during the year:

	Dilapidations provision £m	Holiday pay provision £m	Total £m
At beginning of the year	1.3	0.7	2.0
Charged to profit or loss	-	0.7	0.7
Recognised under IFRS16	0.1	-	0.1
Amounts utilised in the year	(0.1)	(0.7)	(0.8)
At end of year	**1.3**	**0.7**	**2.0**

16 Deferred taxation

A net deferred tax asset of £2.0m has been recognised in the balance sheet at 31 March 2023 (2022: £0.9m net deferred tax asset). The deferred taxation assets and liabilities, without taking into consideration the offset of balances within the same tax jurisdiction, is as follows:

The deferred tax asset consists of the following:

	2023 £m	2022 £m
Accelerated capital allowances	2.0	2.8
Other temporary differences	2.8	2.3
	4.8	**5.1**

The deferred tax liabilities consists of the following:

	2023 £m	2022 £m
Other temporary differences	2.8	4.2
	2.8	**4.2**

17 Called-up share capital

	2023 £m	2022 £m
Allotted, called-up and fully paid		
210,533,602 (2022: 210,533,602) ordinary shares of £1 (2022: £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.

18 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	**2023 £m**	2022 £m
Net defined benefit scheme asset	18 (a)	**0.5**	**3.7**

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

	Note	**2023 £m**	2022 £m
Defined benefit scheme			
- Settlement cost	18 (a)	**2.2**	-
- Past service cost	18 (a)	**0.5**	-
Defined contribution scheme	18 (b)	**3.1**	2.9
Total charge in Operating profit		**5.8**	2.9

18 Post-employment benefits (continued)

(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 Company's defined contribution scheme.

In October 2022, the Scheme purchased a bulk annuity policy (known as a buy-in) from Just Retirement Limited ('Just Retirement') for £15.4m, which was funded by a £1.0m contribution by the Company along with existing Scheme assets. This policy secured the full benefits of all Scheme members, which as at the remeasurement date amounted to £13.7m. Given the financial strength of Just Retirement, this buy-in substantively removes the risk of further contributions being required from the Company to provide benefits to members, beyond those noted below.

Following the buy-in, the Scheme's assets largely comprise the bulk annuity policy held with Just Retirement, along with a small amount of additional assets currently held with LGIM. The Scheme trustees are now working to progress towards a full buy-out, which will involve various data and benefits exercises. It is anticipated that the Scheme buy-out will be completed in 2024. Once the buy-out is complete, the Scheme has no further purpose and will be wound up.

The last triennial actuarial valuation of the Scheme was performed by an independent professional actuary as at 30 April 2021 using the projected unit method of valuation. Adjustments to the valuation at that date have been made based on the following assumptions:

	2023	2022
CPI inflation	**2.85%**	3.00%
Discount rate for scheme liabilities	**4.70%**	2.75%
RPI inflation	**3.55%**	3.80%

The Company has assumed that mortality will be in line with nationally published mortality table SAPS S3 Heavy tables with CMI 2021 projections related to members' years of birth with long-term rate of improvement of 1.5% per annum. No adjustment has been made for the possible effects of COVID-19. These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2023	2022
Longevity at age 65 for current pensioners		
- Male	**87**	87
- Female	**89**	88
Longevity at age 65 for future pensioners		
- Male	**88**	89
- Female	**91**	90

18 Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities:

	Assets £m	Liabilities £m	Total £m
At 31 March 2021	22.8	(19.6)	3.2
Benefits paid	(0.6)	0.6	-
Contributions paid by the employer	0.1	-	0.1
Interest income/(expense)	0.5	(0.5)	-
Remeasurement (losses)/gains	(1.6)	2.0	0.4
At 31 March 2022	21.2	(17.5)	3.7
Benefits paid	(0.5)	0.5	-
Contributions paid by the employer	1.0	-	1.0
Interest income/(expense)	0.5	(0.5)	-
Remeasurement (losses)/gains	(5.9)	4.4	(1.5)
Past service cost	-	(0.5)	(0.5)
Settlements	(2.2)	-	(2.2)
At 31 March 2023	**14.1**	**(13.6)**	**0.5**

The Trustees of the Scheme sought legal advice which concluded that the Company has an unconditional right to a refund of surplus from the Scheme, if the Scheme were to be run-off until the final beneficiary died. As a result, the Company has concluded that IFRIC 14 does not apply, and therefore has recognised the accounting surplus of £0.5m (2022: £3.7m) and an associated deferred tax liability of £0.2m (2022: £1.1m) in the Consolidated balance sheet.

Total cost recognised as an expense:

	2023	2022
Settlement cost	**0.5**	-
Past service cost	**2.2**	-
Total	**2.7**	-

Settlement cost
Given the intention is to convert the buy-in policy purchased during the year to a buy-out as soon as possible, a settlement cost of £2.2m has been recognised in the Consolidated income statement for the year ended 31 March 2023. The settlement cost represents the difference between the value of the liabilities under IAS 19 at the remeasurement date, 31 October 2022, (£13.2m) and the price paid to settle the liabilities (£15.4m).UK legislation requires that pension schemes are funded prudently.

Past service cost
As part of the data cleansing exercise ahead of the schemes buy-in, two items relating to the Barber window in relation to transferred in assets and a slightly later effective date for pension increases were identified. As a result, a £0.5m past service cost has been recognised in the Consolidated income statement (2022: £nil). 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.

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 2021 and showed a surplus of £1.5m. The Company paid deficit contributions of £0.1m per annum to 31 January 2022, plus an additional £1.0m in October 2022 in respect of the shortfall versus the buy-in premium. The next funding valuation is due no later than 30 April 2024, although it is anticipated that the Scheme will be bought-out and wound-up before the statutory deadline for this valuation. The Company expects that a further contribution may be required in the year ending 31 March 2024 in respect of the balancing premium, once the data cleansing and benefit rectification is completed. The Company also pays expenses and PPF levies incurred by the Scheme.

18 Post-employment benefits (continued)

The fair value of the plan assets was:

	2023	2022
	£m	£m
Gilts	0.4	13.7
Corporate bonds	-	7.2
Cash	0.1	0.3
Buy-in policy	13.6	-
Total fair value of assets	**14.1**	21.2
Present value of scheme liabilities	(13.6)	(17.5)
Surplus in the scheme	**0.5**	3.7
Net pension asset	**0.5**	3.7

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 return on plan assets was:

	2023	2022
	£m	£m
Interest income	0.5	0.5
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:

	2023	2022
	£m	£m
Current period contributions	**2.9**	2.0

19 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 20.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

20 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.

21 Related parties

The Company provided data services to Dealer Auction under a licence agreement established as part of the formation of the joint venture in January 2019. The value of services provided to Dealer Auction was £0.6m (2022: £0.6m) and has been recognised within revenue. At 31 March 2023, deferred income outstanding in relation to the licence agreement was £8.9m (2022: £9.5m). During the prior period, the Company also provided invoicing and collection services for Dealer Auction. Cash was collected by the Company and passed through to Dealer Auction. The total amount invoiced on behalf of Dealer Auction during the year ended 31 March 2022 was £5.1m, no such services were provided during the year ended 31 March 2023.

The Company sponsors a funded defined benefit pension scheme. Details of transactions with the Wiltshire (Bristol) Limited Retirement Benefits Scheme are set out in note 18.