Annual Report and
Financial Statements 2015

AutoTrader

What drives us is you

The UK's largest digital automotive marketplace

Auto Trader Group plc is a 100% digital business having successfully completed the transition from a print title in 2013. Auto Trader sits at the heart of the UK's vehicle buying process and operates the UK's largest digital automotive marketplace.

In addition to its business in the UK, the Group operates a similar business in Ireland through its website carzone.ie.

Auto Trader's primary activity is to help vehicle retailers compete effectively in the marketplace in order to sell more vehicles, faster. The marketplace brings together the largest and most engaged consumer audience, with the largest pool of vehicle sellers, listing more than 400,000 cars each day. In fact over 80% of all time spent on classified sites is spent on Auto Trader. The Group does not buy or sell any vehicles itself.

Auto Trader has around 92% prompted brand awareness in the UK, with 80% of UK retailer forecourts advertising via the website and around 65% of UK used car transactions involving cars listed on autotrader.co.uk.

Auto Trader's market-leading position enables it to generate and collect large amounts of data on the UK's automotive marketplace and leverage its possession of such data to create a suite of products which helps retailers in the following areas:

Selling
Get stock in front of as many buyers as possible

Marketing
Promote their business across the multiple digital channels that buyers use

Buying
Find the right stock, at the right price

Managing
Optimise stock turn and profit

Auto Trader operates across multiple digital platforms

Buyers
search for vehicles in the UK's largest digital forecourt and contact retailers

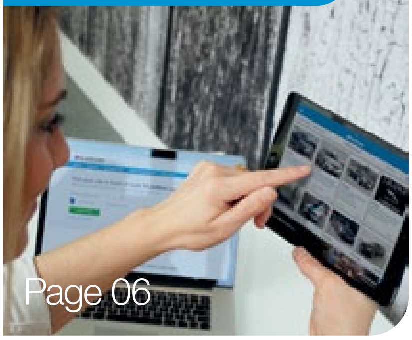
Manufacturers
display adverts for new cars

Retailers
advertise their vehicles to source buyers

Private sellers
upload adverts and pay via the autotrader.co.uk portal

Contents

Driven by innovation



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Trusted partners

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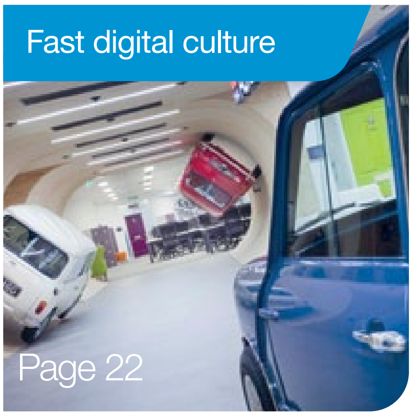
Fast digital culture



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At a glance

In the year of our IPO, Auto Trader has experienced strong growth, recorded the highest level of audience engagement online, and invested in its future.

Financial highlights

- > Revenue up 8% to £255.9m (2014: £237.7m)
- > Retailer revenue increased by 9% to £202.1m (2014: £186.0m)
- > Adjusted underlying EBITDA[1] up 15% to £156.6m (2014: £136.1m)
- > Adjusted underlying EBITDA margin[2] increased by 4% pts to 61% (2014: 57%)
- > Operating profit 35% higher at £133.1m (2014: £98.7m)
- > Net external debt[3] at year end of £527.9m (2014: £977.8m), representing a reduction in leverage[4] to 3.4x (2014: 7.2x)

8%
revenue increase
to £255.9m

1 Adjusted underlying EBITDA is earnings before interest, taxation, depreciation and amortisation, management incentive plans, share-based payments, exceptional items and impairments, less capitalised internal development spend (excluding expenditure incurred on building the SingleView order-to-cash billing system).

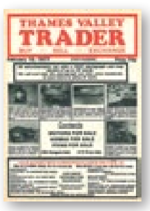
2 Adjusted underlying EBITDA margin is Adjusted underlying EBITDA as a percentage of revenue.

3 Net external debt is gross external indebtedness (not including Shareholder Loan Notes), less cash.

4 Leverage is net external debt as a percentage of Adjusted underlying EBITDA.

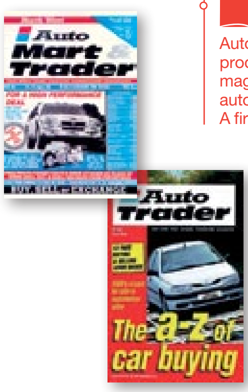
1977

Auto Trader is founded and produces its first ever trade magazine by the name of Thames Valley Trader, where consumers can buy and sell anything from clocks, to boats and cars



1988

The Company formally takes on the name Auto Trader, and renames all titles



1995

Auto Trader launches in Ireland

Auto Trader starts digital production of its magazine, with the latest automatic layout software. A first in the UK

1996

Launch of autotrader.co.uk

2008

Auto Trader reveals new logo

2010

Auto Trader launches online consumer reviews

10m
Unique visitors per month at autotrader.co.uk reaches 10m

Launch of Auto Trader mobile advertising and iPhone app

Operational highlights

> Retailer forecourts up 2.5% to 13,452 (2014: 13,129)

> Average Revenue Per Retailer forecourt (ARPR) per month up 6% to £1,252 (2014: £1,181)

> Full Page Ad Views[5] (FPAVs) per month increased by 7% to 226.2m (2014: 212.2m)

> Completion of UK rationalisation into two office locations in Manchester and London

> Listed on London Stock Exchange in March 2015

7%
increase in
Full Page Ad Views
(FPAVs) per month

5 Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace.

2011

Auto Trader launches 'New Car' for buyers of brand new vehicles

Insurance estimates introduced into Auto Trader used car search

Auto Trader iPad app launched

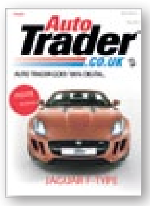
2012

2012
35 years of Auto Trader

Launch of technology to share your advert on Facebook

2013

The last ever issue of the magazine is published in June – consumer shift to online resulted in the decline of magazine readership to 27,000 copies in March 2013



Now fully digital, autotrader.co.uk reached 11 million unique users per month to its website

2014

AutoTrader
New logo revealed

March 2014
autotrader.co.uk saw web traffic five times greater then its nearest competitor

Auto Trader consolidated its UK offices, and moved into two new office locations in Manchester and London

2015

On 24 March, Auto Trader listed on the London Stock Exchange

Chairman's statement

The 2015 financial year has been a very successful one for Auto Trader. These results are our strongest ever, with Adjusted underlying EBITDA of £156.6m. This represents an increase of £20.5m over the previous year.

"The year ended with our Admission to the London Stock Exchange on 24 March 2015. The primary proceeds raised through the IPO were predominately used to reduce our net external debt to a level more appropriate for a publicly listed company."

Ed Williams
Chairman

The year ended with our Admission to the London Stock Exchange on 24 March 2015. The primary proceeds raised through the Initial Public Offering (IPO) were predominately used to reduce our net external debt to a level more appropriate for a publicly listed company. The opportunity was also taken to refinance and enter into a new term loan facility at a significantly lower rate of interest.

Consistent with the guidance given during the IPO process, a dividend has not been declared for the 2015 financial year. We intend to commence payment of dividends in the 2016 financial year with an interim dividend expected to be declared with the half-year results in November.

Becoming a public company

The first observation is that the process has been immensely time-consuming for Auto Trader's employees, especially the senior executives and finance team. Therefore, to deliver such outstanding operational performance at the same time is a tribute to everyone in the business and to the quality of the business itself.

The second observation relates to the benefits of different ownerships. Auto Trader has been owned by an individual entrepreneur, by a corporate entity ultimately owned by a charitable trust and by private equity. All have invested prudently and responsibly in the growth and success of the business over its 38-year history. Our strategy does not envisage the need for access to capital markets to fund future growth. However, we do envisage a similar prudence in terms of investing in the future and a similar focus on returning cash to its owners.

> "The new financial year has started well and in line with the Board's expectations. Based upon healthy customer numbers, further revenue improvement from increased product penetration, combined with only modest cost base increases, the Board is confident of growth in the coming year."

Our Board

During the year we welcomed Chip Perry to the Board as an Independent Non-Executive Director. We have benefited from the wealth of experience that Chip has brought from his many years in the US as CEO of Autotrader.com. Since the end of the financial year we have also appointed David Keens, formerly Group Finance Director of NEXT plc. David has taken on the roles of Senior Independent Director and Audit Committee Chairman.

The Board continues to benefit from the involvement of two Directors nominated by funds advised by Apax. A word of thanks is particularly appropriate to Tom Hall, former Chairman and the Board's longest serving Director. Tom has represented shareholders while at all times acting in the interests of the Group, performing his dual role with huge integrity, enthusiasm, humour and constructive engagement throughout.

The Board is committed to upholding the highest level of corporate governance and David Keens' appointment on 1 May 2015 represents a major and early step forward in this regard. With the appointment of one further Independent Non-Executive Director we will be able to bring all our committees into full compliance with the UK Corporate Governance Code. While the overall balance of the Board would then still fail to meet the requirement in relation to the balance between Independent and Non-Independent Directors, either a sale of a small percentage of the Group's shares by Apax-advised shareholders and the appointment of one further independent Non-Executive Director or the appointment of two further Independent Non-Executive Directors will address this remaining aspect of compliance.

Outlook

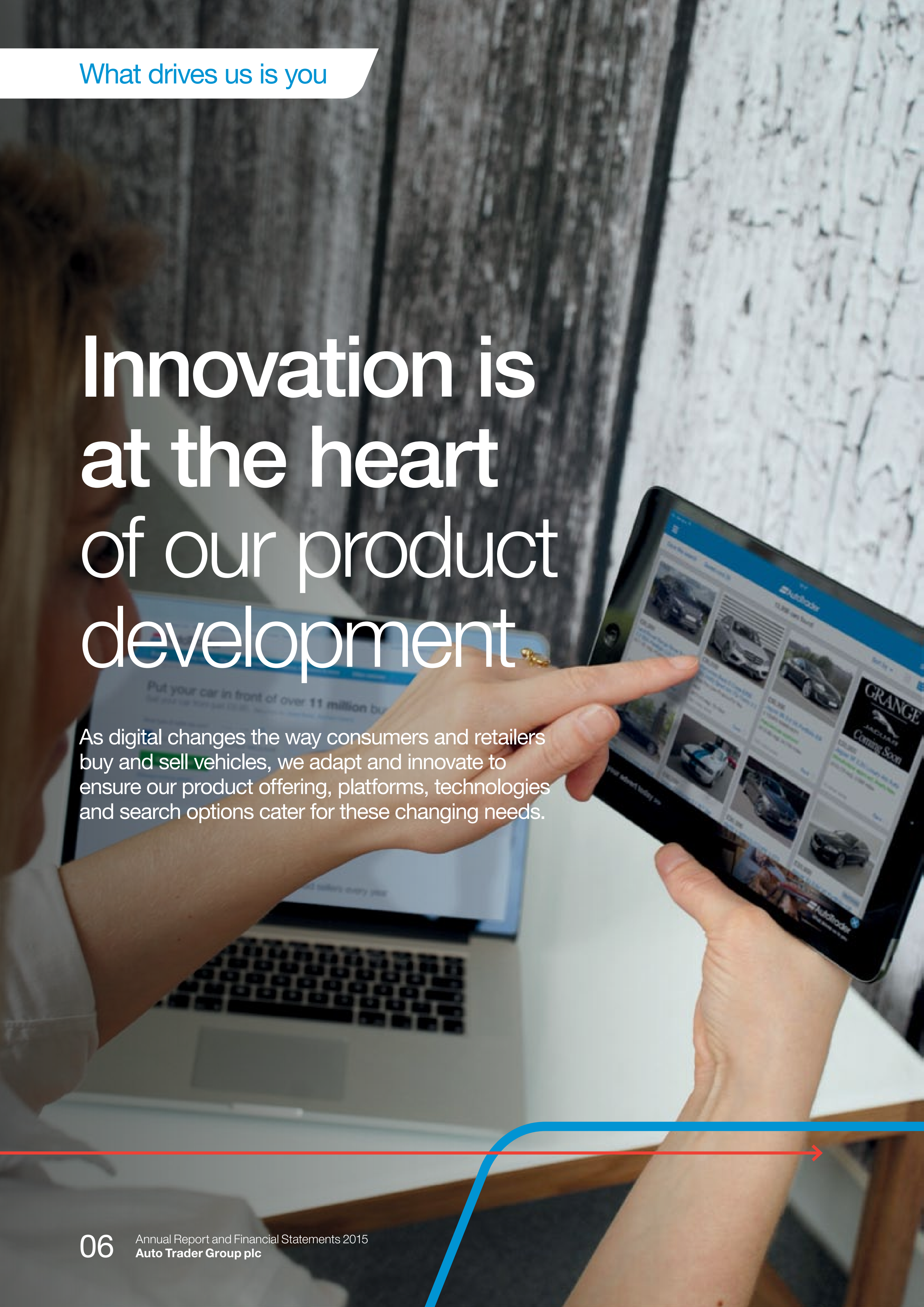
The new financial year has started well and in line with the Board's expectations. Based upon healthy customer numbers, further revenue improvement from increased product penetration, combined with only modest cost base increases, the Board is confident of growth in the coming year.

I would like to take this opportunity to express my thanks to all the employees of Auto Trader, and particularly to the senior executives for what has been an extremely busy, as well as successful, year.

Ed Williams
Chairman

19 June 2015

£156.6m
Adjusted underlying EBITDA



Innovation is at the heart of our product development

As digital changes the way consumers and retailers buy and sell vehicles, we adapt and innovate to ensure our product offering, platforms, technologies and search options cater for these changing needs.

Driven by innovation

Our technology team, comprising c. 320 digital professionals, is focused on delivering continuous changes as well as anticipating customer needs. The team is divided up into tribes with dedicated cross-functional squads and works 'mobile first' to produce robust continuous product innovation, as approximately 68% of visits in March 2015 alone came through mobile (including tablets).

Technology architecture

Auto Trader has a technology architecture which automatically detects the device and platform being used, allowing the user experience (including appropriate functions and design for each screen size) to be customised and optimised across all platforms and operating systems. The structure is also designed for scalability, with the ability to handle the volume of searches and enquiries on Auto Trader sites across all platforms – approximately 68 searches every second are conducted on autotrader.co.uk. We are able to easily select the most appropriate device or application to test new functionalities (often with multiple test runs) with a subset of customers before rolling out a new service across all platforms, decreasing the risk of widespread errors and allowing us to test and learn, which increases the success rate and speed of the roll-out.

The team delivers on average 40-60 live software releases every week across both customer and retailer focused interfaces. Over the past year, on the customer focused interfaces the team has delivered amongst other things: a redesigned customer focused Auto Trader website, a new lifestyle based discovery search functionality, new apps, and insurance and finance partnerships on adverts. In addition, on the retailer focused interfaces the team has launched: a new response dashboard in Retailer Portal; Retailer Ratings on adverts, new call and email lead tracking systems, and a new managing stock tool i-control; as well as launching the new Auto Trader product packages.

68
searches every second
are conducted on autotrader.co.uk

Data and insight product development

Data is also key to driving product innovation. Given the size and scale of our marketplace, an estimated 65% of used car transactions involve cars listed on the marketplace, combined with retailer activity (through Retailer Portal) and external data sources, such as Experian, Glass and BCA, we are able to utilise such comprehensive data and analytics to provide a suite of selling and retailing solutions that seek to enable retailers of all sizes to benefit from digital advertising services to optimise return on investment.

Helping retailers win in the digital automotive marketplace

Last year we launched Auto Trader's product packaged offerings which are tailored across the full range of franchise and independent retailers. We have seen strong adoption across the suite of products. There are four Pillars of products that are offered to retailers: Selling; Buying; Marketing; and Managing (the 'Pillars').

The product Pillars

Our products help add value to retailers in the following areas:

Selling
Get stock in front of as many buyers as possible

Marketing
Promote their business across the multiple digital channels that buyers use

Buying
Find the right stock at the right price

Managing
Optimise stock turn and profit

Chief Executive's report

I am delighted to present Auto Trader Group plc's Annual Report for the year ended 29 March 2015. We have had a strong year, achieving revenue growth of 8%, taking total revenue to £255.9m.

"We relentlessly focus on improving the process of buying and selling vehicles through the application of digital technologies."

Trevor Mather
Chief Executive

Summary of operating performance

Growth has mainly come from providing greater value to retailers in a marketplace where consumers are increasingly researching their next vehicle purchase online. A healthy automotive market has supported the penetration of our retailing solutions. These complement our core classified advertising offering and help retailers to: buy the right vehicle, at the right price, market their business and manage their forecourts, improve stock turn and therefore return on investment. Growth has also come from display advertising, where in particular manufacturers have increased their advertising spend on the marketplace in recognition of a growing and relevant audience for their brands.

On average, c.13,450 automotive retailer forecourts chose to advertise on our marketplace in the year, which is an increase of 2.5% on 2014. The marketplace also had a record number of cars being advertised through the year, averaging 423,000. Retailers increased average spend with us by an additional 6% per forecourt on the back of the increased value delivered to them.

Our display advertising service revenue grew by 19%, reflecting a successful focus on working with manufacturers and their agencies. Our ability to attract other types of advertisers and business partners into our marketplace was also effective, with revenue from the motoring services increasing by 11%. Private advertising held up well despite the presence of free-to-list alternatives.

Adjusted underlying EBITDA grew by 15% and margin grew by four percentage points, reflecting not only the inherent attractiveness of our business model but also the benefits of the continued simplification of the business and cost-conscious culture.

High and growing margins (61%, up from 57%), coupled with high and increasing rates of cash conversion (87%, up from 79% – see page 14), offer the prospects of significant returns to our shareholders in future years once debt levels are reduced.

9.3 million

UK car transactions in 2014

Our strategy

Auto Trader is a 100% digital business and we have a clear focus on maintaining our market position as the UK and Ireland's leading digital automotive marketplace for buying and selling new and used vehicles. Accordingly, the Group relentlessly focuses on improving the process of buying and selling vehicles through the application of digital technologies, with a keen eye on ensuring the consumer experience is as smooth as possible. We believe there is substantial opportunity to grow the business, which is underpinned by the continued increase in importance of the internet for automotive advertising and the increasing use of data to improve the efficiency and effectiveness of the industry for the benefit of consumers and retailers alike.

Our goals are to:

1. continuously improve the vehicle buying experience for consumers, retailers and manufacturers;
2. take every opportunity to simplify the business to ensure it continues to develop and deliver high value-adding products to its customers; and
3. continue to build a more customer-oriented, digital and values driven culture for our people.

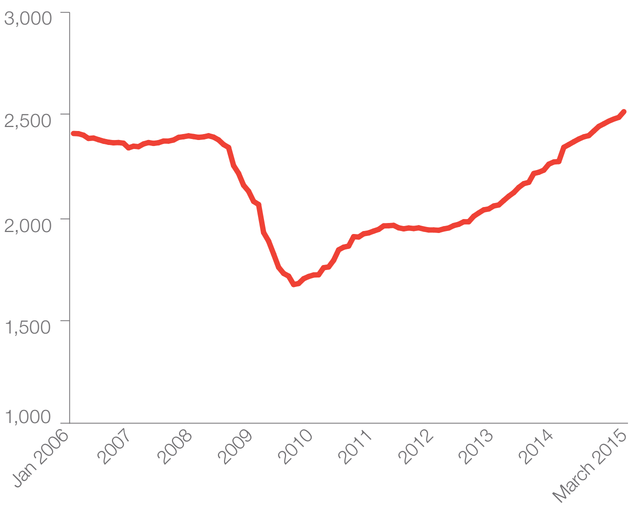
Our market

Auto Trader is at the heart of the UK vehicle ecosystem. It is the single place where car buyers are most likely to first see the vehicle they go on to buy. Though Auto Trader serves the new car market, the majority of revenue today is associated with the used car market. Conditions in the used car market are not necessarily dictated by or tightly coupled to the state of the new car market. However, a prerequisite for the long-term health of the used car market is a healthy flow of one to three year old cars. Hence the sustained strengthening of the new car market seen recently is a helpful forward indicator.

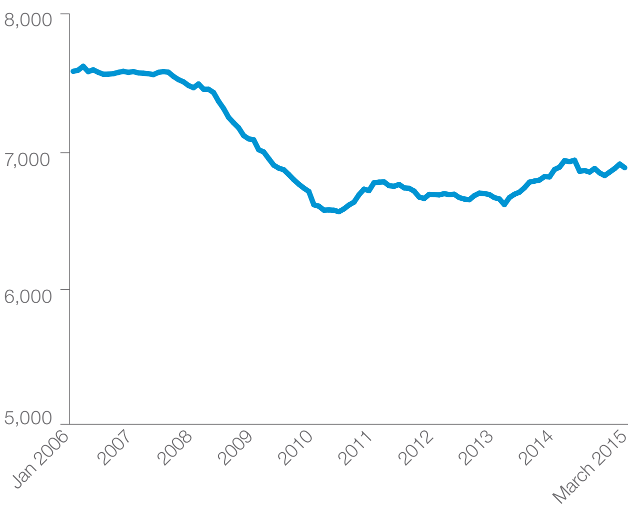
In 2014 it is estimated there were almost 32 million cars in the UK and 9.3 million car transactions. While it was reported that used car transaction volumes remained similar to previous years at approximately 6.8 million cars, new car registrations experienced year-on-year growth of 9% to approximately 2.5 million vehicles. In June 2015 the Society of Motor Manufacturers and Traders reported the 39th month of consecutive growth for the new car market. Improving macroeconomic conditions and attractive finance packages underpinned by low interest rates helped the new car market to record the highest monthly registrations since twice-yearly number plates were introduced in 1999.

Over the last year there has been a continuing trend in the way UK consumers research the purchase of their next vehicle. The internet now powers the majority of research, as opposed to physical forecourt visits. In fact research conducted by Auto Trader found that, for the first time, over 50% of consumers only visited one forecourt before they bought their next vehicle. Auto Trader, as the UK's largest digital automotive marketplace, is the place that most consumers come to do that research.

New car registrations[1]
Thousands



Used car transactions[1]
Thousands



1 Source: Society of Motor Manufacturers & Traders (SMMT) – 12 month rolling total.

Our business model

Consumers visit our marketplace to research vehicles they may be interested in and search for the exact vehicles they would like to buy. It is the place where they can see the most vehicles on the market and can search on whatever device they would like to, at whatever time they would like.

Over 17 visits and 75 searches occur on our platforms every second with nearly two thirds of site visits (65%) now conducted using mobile devices (including tablets), and over 30% now through our market-leading apps. Inspections of individual vehicle advertisements expressed as full page advert views (FPAVs) increased by 7% to 2.7 billion in the year. FPAVs are click-throughs from initial search result pages and are the consumer activity measure most correlated to vehicle transactions between consumers and retailers. This means that more than 85 vehicles are being virtually inspected by potential buyers every second of every day on the Auto Trader marketplace.

Our customers are primarily vehicle retailers. Retailers advertise on Auto Trader because it has the largest and most engaged audience and therefore gives them the best chance to sell their vehicle. Retailers are able to achieve better prominence of their adverts by taking higher level products, which leads to greater conversion of advert views. We also offer value adding products to retailers to enable them to use our data services to buy cars that are most suitable for their forecourts, at the right prices, and manage their inventory in an optimal way. Together, our products address retailer needs through four product Pillars: Buying, Selling, Marketing, and Managing.

Our business model for creating shareholder value

The principal sources of revenue for us are the subscriptions paid by retailers to advertise their vehicles and to utilise our products. This is supplemented by advertising revenue from home traders and private sellers, who can place an advert for a fee on the marketplace, as well as by manufacturers and advertising agencies who see the marketplace as an effective place to advertise their products and services.

The business model benefits from the strong network effect that advantages the number one player in all classified advertising marketplaces across the world, such that the largest number of vehicles, attracts the largest and most engaged audience, which provides the most value to retailers who therefore advertise more stock, making the marketplace even more valuable to consumers. In this way a virtuous circle ensues.

> **"The culture is focused on constantly seeking to improve everything we do for both consumers and our retailer customers to ensure we remain the leading digital automotive marketplace."**

Investing in the business

The last year has seen significant investment by us in the future of the business.

From a consumer perspective, we have launched a new look and feel to the marketplace across all of our channels as well as a new way to search for cars. Consumers who do not know the make and model of the car they want can now discover the right car for them through a new way of searching.

Importantly, we started the journey of unleashing the power of our data to allow consumers and retailers to gain better value from the marketplace. Consumers can now access free valuations for their car that allow them to see what their car would be worth if they sold it privately or if they traded the vehicle in to a retailer. Valuations have been a resounding success with consumers, with over one million being conducted in just a month (March 2015). We surfaced the data we hold to enable retailers to understand which vehicles are most desirable in their area and what margin they can expect to gain from such vehicles. By the end of the year, over 1,100 forecourts were using products in the Managing Pillar indicating that retailers really see the value that Auto Trader's data can offer.

Over the last 12 months, we have also focused on improving the opportunity for manufacturers to advertise on our marketplace, with improved formats and more effective use of our data to ensure that their brands can be placed in the most relevant spots on the marketplace. This has allowed us to work much more closely with agencies and has resulted in over 20,000 campaigns this year with a 50% increase in yield.

From an internal business perspective, we have moved from eight different offices across the country into two new offices in Manchester and London. As part of this relocation we have been able to consolidate our five call centres into one contact centre, based in Manchester. The consolidation to two UK offices has had huge benefit in terms of reinforcing our culture and promoting the right customer-centric focus amongst our employees.

Growth potential

The growth potential of the business comes primarily from continuing to provide an expanding array of products to retailers that in turn provides them more value that they are therefore willing to pay more for. There is also significant opportunity in providing the audience for manufacturers to spend more of their advertising budgets as they transition their marketing spend online.

In order for us to achieve this growth, recruiting and retaining the right talent will be integral to our continued success. The culture is focused on constantly seeking to improve everything we do for both consumers and our retailer customers to ensure we remain the leading digital automotive marketplace for generations to come.

Trevor Mather
Chief Executive

19 June 2015

1 million
valuations conducted by consumers in March 2015

Auto Trader is the most effective way for retailers to reach their target audience

The automotive retailer landscape that Auto Trader serves covers a wide spectrum of needs; from larger franchise groups to smaller independent vehicle retailers.

Changing digital landscape

As the digital landscape continues to change the way we buy and sell vehicles, our large and experienced team works alongside our customers to help them adapt their business practices to meet changing consumer needs. The shift to the digital automotive marketplace means fewer vehicle buyers are visiting physical forecourts. This is predominantly because most consumers have done their research online and made the decision on the exact vehicle that they want to buy before arriving at the retailers' physical forecourt. This requires retailers to place more focus on their 'digital forecourt' and enhance the prominence of their vehicles advertisements online.

Digital forecourt

Getting vehicles viewed online is now what matters. Auto Trader is the most effective way for retailers to reach the largest number of high-quality vehicle buyers. In a survey conducted in December 2014, 77% of sampled retailers ranked Auto Trader as the number one marketplace for volume of enquiries, and 73% ranked Auto Trader as number one for quality of enquiries, which implies the enquiry led to a sale.

From an estimated 5,700 franchise retailer forecourts in the UK, to a further 8,500 independent retailer forecourts, we are proud to count around 80% of all those retailers as our customers, many of whom we have long-established personal relationships.

In addition to the franchise and independent forecourts, there are an estimated 9,000 home trader businesses. Auto Trader offers these customers 'pay-as-you-go' packages, where each individual advertisement is paid for separately.

Harnessing insight

Effective use of the Auto Trader platform, coupled with the suite of Auto Trader products and services, offers retailers the opportunity to increase stock turnover through access to the largest consumer audience on a single platform. The online marketplace also tracks consumer usage and vehicle activity, providing powerful insights into consumer preferences and behaviour critical to retailers' efficient stock sourcing and pricing process.

Trusted retailer partnerships

We adopt a partnership approach with our retailer customers, engaging them in a continuous dialogue, helping them to gain competitive advantage through effective employment of data to optimise buying, managing, marketing and selling of stock. As an added value service for retailers, a 'Retailer Education' programme is run by a team of industry experts whose sole focus is to keep retailers up to date on the latest digital trends, and innovations that might affect their business.

To engage with the Group's fragmented customer base we have a single sales and service team of approximately 200 staff focused on customer relations and delivery of customer value. The team primarily caters to the Group's retailer customers, with the largest customers having dedicated account owners and smaller customers being served by regional teams. In both instances the sales and service team works as a single customer oriented team. We recognise it is important for retailers to have a single point of contact for all their needs.

We value our trusted partnerships with retailers and work hard to maintain them, as ultimately we are only as successful as they are, so what drives us is their success.

80%
of UK automotive retailers are Auto Trader customers

Key performance indicators

We use the metrics below to track our financial and operating performance.

Revenue

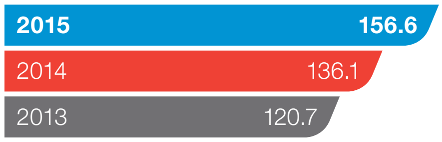
£m

+8%

The Group generates revenue from three different sources: Trade, Consumer services, and Display advertising. Trade is further analysed into three classes: Retailer, Home Trader, and Other – see page 16.

Adjusted underlying EBITDA

£m



+15%

Adjusted underlying EBITDA is earnings before interest, tax, depreciation and amortisation, management incentive plans, share-based payments, exceptional items and impairments, less capitalised internal development spend (excluding expenditure incurred on building the SingleView order-to-cash billing system).

Retailer revenue

£m

+9%

Retailer revenue is the largest customer grouping within the Trade revenue category, and is driven by the number of retailer forecourts and ARPR.

Adjusted underlying EBITDA margin

%

+4% pts

Adjusted underlying EBITDA margin is Adjusted underlying EBITDA as a percentage of revenue.

Operating cash flow

£m

+27%

Operating cash flow is defined as cash generated from continuing operations less capital expenditure in respect of continuing operations.

Operating cash conversion

%

+8% pts

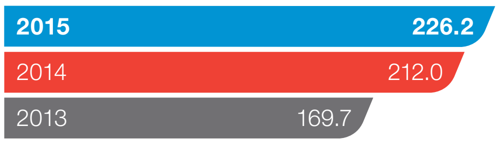
Cash conversion means operating cash flow as a percentage of Adjusted underlying EBITDA.

Number of FTEs
Average number

-8%

Average number of full time equivalent (FTEs) employees during the year.

FPAVs
Average number



+7%

Full Page Advert Views (FPAVs) is the Group's measure of the average monthly number of inspections of individual vehicle advertisements on autotrader.co.uk.

Retailer forecourts
Average number

+2%

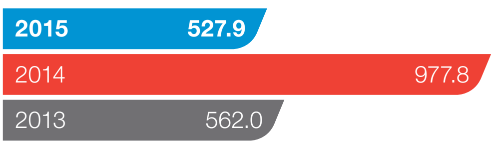
A retailer forecourt is a digital 'site' that a retailer has on the Auto Trader marketplace. A retailer may have multiple forecourts within the marketplace.

ARPR
£ per month

+6%

Average Revenue per Retailer forecourt (ARPR) is defined as – average monthly revenue generated from retailers divided by the average number of retailer forecourts in the month.

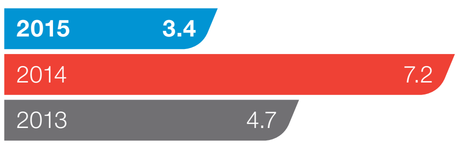
Net external debt at year end
£m



-46%

Net external debt is gross external indebtedness (not including Shareholder Loan Notes), less cash.

Leverage
Times



-3.8x

Leverage is net external debt as a percentage of Adjusted underlying EBITDA.

Finance Director's report

We are pleased to report a successful year, growing revenue and operating cash flows, and reducing debt for the 52 week financial period ended 29 March 2015.

> Revenue grew by 8% to £255.9m (2014: £237.7m). This increase was primarily attributable to a strong retailer revenue performance within the trade area of the business.

Sean Glithero
Finance Director

Revenue

In 2015, revenue grew by 8% to £255.9m (2014: £237.7m). This increase was primarily attributable to a strong retailer revenue performance within the trade area of the business.

	2015 £m	2014 £m	Change
Retailer	**202.1**	186.0	9%
Home Trader	**10.3**	9.8	5%
Other	**2.4**	2.6	(8%)
Trade	**214.8**	198.4	8%
Consumer services	**29.0**	29.1	(0%)
Display advertising	**12.1**	10.2	19%
Total	**255.9**	237.7	8%

Trade revenue increased by 8% to £214.8m (2014: £198.4m) with a £16.1m increase in retailer revenue underpinning most of the £16.4m improvement. This reflected a 2.5% growth in the average number of retailer forecourts to 13,452 (2014: 13,129), but the main driver was increased ARPR which rose 6% to £1,252 (2014: £1,181).

The £71 rise in ARPR was achieved through balancing growth from the Group's Selling and retailing solutions' products (encompassing the Buying, Marketing and Managing Pillars). Revenue from the Selling Pillar increased 7% to £180.1m (2014: £167.8m) as a result of price increases together with retailers both increasing the number of vehicle advertisements on the marketplace and selecting additional products. In March 2015, 67% of Selling Pillar customers purchased packages above the entry level (2014: 58%).

In addition, retailing solutions' revenues increased by 21% to £22.0m (2014: £18.2m) as retailer customers looked to compete more effectively in the digital automotive marketplace. By purchasing additional product packages which allow them to promote themselves more effectively and make better buying and pricing decisions, retailers can increase their speed of stock turn and improve their return on investment.

> **"Operational leverage was achieved through a combination of predominately yield derived revenue gains, at low marginal cost, combined with cost reduction throughout the business."**

Consumer services revenues were broadly consistent with the previous year, with increases in revenue from motoring services partners offsetting a decrease in private revenue. Whilst the number of private advertisements fell in the year as demand from retailers for stock improved part-exchange prices, private advert yields improved through enhancements to the product offering and a greater proportion of premium packages being taken.

Following the focus on closer, value based relationships with key agency customers, display revenues increased by 19%. Revenues benefited from shift in mix, reducing impressions served on low yielding programmatic platforms and improving the volume of higher yielding creative and bespoke advertising solutions for manufacturers. Of the £1.9m increase in display advertising revenue to £12.1m (2014: £10.2m), 66% was from improved overall yield.

Adjusted underlying EBITDA

The Group reports non-underlying items in the Income Statement to show one-off items and to allow better interpretation of the underlying performance of the business. In relation to the 2015 financial year, these included exceptional items, IFRS 2 charges in respect of share awards and costs related to management incentive plans.

In addition, since September 2013 the Group has changed its approach to technology development. In keeping with the agile 'squad-based' methodology, the Group now develops its core infrastructure through small scale maintenance-like incremental improvements. Accordingly, less of the Group's expenditure on internal development salaries meets the requirements for capitalisation. The only current project that meets the capitalisation criteria relates to the development of the Group's order-to-cash billing system, SingleView, which is capitalised and reflected in the line item 'Intangible assets: financial systems'.

61%
Adjusted underlying EBITDA margin

Following the change in operating approach, together with the shift away from incentive schemes linked to the Group's previous private ownership, Adjusted underlying EBITDA is a more accurate reflection of the underlying business performance of the Group and allows for comparability of the Group's results from period to period and with peer companies. The table below provides a reconciliation from operating profit to Adjusted underlying EBITDA.

	2015 £m	2014 £m
Operating profit	**133.1**	98.7
Share-based payments	**3.7**	–
Management incentive plans	**1.9**	0.6
Exceptional items	**5.4**	11.1
Impairment charges	**–**	15.8
Capitalised development spend[1]	**–**	(4.9)
Depreciation	**2.5**	2.2
Amortisation	**10.0**	12.6
Adjusted underlying EBITDA	**156.6**	136.1

Adjusted underlying EBITDA increased by 15% to £156.6m (2014: £136.1m) with Adjusted underlying EBITDA margin improving by 4% pts to 61% (2014: 57%). This greater operational leverage was achieved through a combination of predominately yield derived revenue gains, at low marginal cost, combined with cost reduction throughout the business.

Including capitalised development costs, underlying administration expenses[2] decreased by £4.6m to £111.8m (2014: £116.4m) driven by a £3.4m decrease in people costs[3] to £51.7m (2014: £55.1m). This decrease was the result of an 8% reduction in full-time equivalent employees and reduced spend on contractors following restructuring of the business in the current and prior periods and centralisation into two main office locations in Manchester and London.

1 Excluding costs capitalised in respect of SingleView.

2 Before share-based payment charges of £3.7m (2014: £Nil), exceptional costs of £5.4m (2014: £11.1m) impairment charges of £Nil (2014: £15.8m) and charges in respect of management incentive plans of £1.9m (2014: £0.6m).

3 People costs are staff costs of £58.4m (2014: £52.5m), capitalised development costs of £Nil (2014: £4.9m) and third party contractor costs of £1.4m (2014: £2.8m), less share-based payment charges of £3.7m (2014: £Nil), management incentive plans of £1.9m (2014: £0.6m) and redundancy costs as a result of reorganisation classified as exceptional items of £2.5m (2014: £4.5m).

Finance Director's report
continued

Exceptional items

Total fees incurred in relation to the IPO were £23.7m, of which £1.5m has been expensed through the Income Statement as an exceptional item with the balance of £22.2 million being charged to the share premium account.

In addition, costs of £3.9m (2014: £11.1m) were associated with the reorganisation of the Group's operations and include redundancy and severance costs plus relocation expenses.

Share-based payments and management incentive plans

In accordance with IFRS 2, a non-cash charge of £3.7m (2014: £Nil) is included in the Group's consolidated income statement in respect of the shares awarded to management in connection with the recapitalisation of the Group in July 2014. These shares became fully vested on the IPO. In addition, £1.9m (2014: £0.6m) was charged in respect of a long-term incentive plan which became payable on the change of ownership.

Finance expense

The finance expense for the year was £122.3m (2014: £95.7m) and included amortisation costs of £12.0m (2014: £0.7m) in respect of the Junior Debt facility which was repaid during the year. The finance expense also includes exceptional finance expenses of £26.2m that arose as a result of the early repayment of the Group's Junior Debt facility and a further £3.2m incurred following the early termination and associated mark-to-market of the Group's interest rate hedges.

Taxation

The Group tax charge of £2.4m represents an effective tax rate of 22% (2014: 176%) which is above the average standard UK rate of 21% (2014: 23%) as a result of items which are non-deductible for corporation tax purposes, including non-deductible share-based payment charges. Following further decreases in UK standard tax rates it is expected that the effective tax rate will decrease in the current year, although due to the impact of non-deductible items it is expected that the Group's effective rate will continue to be marginally higher than standard UK tax rates.

The total tax contribution in respect of the year was £62.5m (2014: £65.9m). Of this, £9.1m (2014: £16.6m) related to corporation tax and employer's national insurance borne by the Group, while the remaining £53.4m (2014: £49.3m) was collected in respect of payroll taxes and VAT.

Earnings per share

Basic earnings per share from continuing operations, calculated for both the current and comparative year is based upon the weighted average number of shares in issue immediately following the IPO, was 0.85 pence, a 1.13 pence increase from the loss of 0.28 pence in the previous year. The adjusted basic earnings per share from continuing operations increased 59% to 4.12 pence (2014: 2.59 pence).

The table shows the effect on the Group's basic earnings per share from continuing operations of the exceptional items, share-based payments, management incentive plans, impairment charges and capitalised development spend. However, no adjustment has been made for the significant anticipated benefit of both a reduced level of borrowings and margin payable.

Continuing operations	2015 £m	2014 £m
Profit/(loss) from continuing operations	**8.5**	(2.8)
Share-based payments	**3.7**	–
Management incentive plans	**1.9**	0.6
Exceptional items	**5.4**	11.1
Impairment charges	**–**	15.8
Exceptional finance cost	**29.4**	10.8
Capitalised development spend	**–**	(4.9)
Tax effect	**(7.7)**	(4.7)
Total adjusted profit from continuing operations	**41.2**	25.9
Number of ordinary shares in issue at 2015 year end; assumed to be outstanding for full year and comparative period (millions)	**1,000**	1,000
Adjusted earnings per share from continuing operations	**4.12p**	2.59p

> **"Auto Trader continues to see strong cash generation with operating cash flows from continuing operations 27% higher at £135.8m."**

Cash flow and net external debt

Auto Trader continues to see strong cash generation with operating cash flows from continuing operations 27% higher at £135.8m (2014: £106.9m), resulting in cash conversion of 87% (2014: 79%).

	2015 £m	2014 £m
Adjusted underlying EBITDA	**156.6**	136.1
Capitalised development spend	**–**	4.9
Movement in working capital	**(1.9)**	(7.4)
Exceptional items (excluding IPO costs)	**(9.8)**	(11.1)
Continuing capital expenditure	**(9.1)**	(15.6)
Operating cash flow from continuing operations	**135.8**	106.9
Operation cash conversion	**87%**	79%

	£m
Net external debt at 30 March 2014	**977.8**
Net interest payable	73.1
Taxation	4.7
Primary proceeds from the IPO	(460.3)
IPO expenses	15.3
Refinancing fees	38.8
Operating cash flow	(135.8)
Other non-operating cash flow	14.3
Net external debt at 29 March 2015	**527.9**

The IPO refinancing

On 24 March 2015, in connection with the IPO, the Group entered into a new banking facility consisting of a £550.0m five year term loan and a revolving credit facility (RCF) of £30.0m. Interest on the term loan is charged at LIBOR plus a margin of between 1.5% and 3.25% based upon the leverage of the Group. The RCF was undrawn at March 2015. Based on the year end leverage of 3.4 times Adjusted underlying EBITDA, the initial margin payable was 2.25%. The primary maintenance covenant on the facility is that leverage should not exceed 5.5 times prior to March 2017, reducing to 5 times beyond that date. Total arrangement fees of £9.4m were incurred and will be amortised over the term of the facility.

Net proceeds from the new term loan of £540.6m together with the primary proceeds of £460.3m from the IPO were mainly used to repay £990.4m of borrowings under the Group's Senior and Junior Debt facilities. Principal amounts outstanding under shareholder loans of £128.8m together with £12.7m of interest payable were converted into ordinary shares as part of the IPO.

Incorporation and capital reduction

On 13 February 2015, Auto Trader Group plc was incorporated and registered in England and Wales under the Companies Act 2006 as a public limited company. On 18 June 2015 the accounting reference date was changed to be 31 March.

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

Dividend

The current intention of the Board is to pay a dividend in relation to the financial year ending 27 March 2016 in the form of an interim and final dividend. The current focus is on reducing the amount of debt outstanding until net external debt is at or below two times Adjusted underlying EBITDA. During this time, it is the Board's intention to adopt an initial pay-out ratio of between 10% and 20% of net income, with a view to increasing this to approximately one third of net income once the net debt two times leverage target is achieved.

Sean Glithero
Finance Director

19 June 2015

87%
operating cash conversion

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 Audit Committee takes responsibility for overseeing the effectiveness of sound risk management and internal control systems. The detail of this process is set out in our Corporate Governance Statement.

The purpose of this section of the Strategic Report is to focus on the principal risks and uncertainties relating to our future development, performance or position which could have an impact on our business model, and strategy. The risk factors described below are not an exhaustive list or an explanation of all risks.

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

Description	Impact	Management and mitigation
01 Macroeconomic conditions The Group derives its revenues from the UK automotive market and is thus dependent on the market and macroeconomic conditions in the UK.	If the UK economy contracts or if interest rates increase, the volume of transactions in the UK automotive market could decrease and/or there could be closure of a number of automotive retailers, both of which could reduce the Group's revenue from vehicle advertising services or other services.	The Group regularly reviews market conditions and indicators to assess whether any action is required to reduce costs or vary the products and services.
02 Competition The Group's share of total advertising spend in the UK digital automotive market is under constant threat from new and incumbent competitors as barriers to entry are low.	Increased competition could impact the Group's ability to grow revenue due to the potential loss of audience, trade and consumer advertisers, or demand for additional services.	These risks are mitigated by continual monitoring of overall market conditions and investment in products and marketing to ensure the Group not only delivers the best response to advertisers, but better value for money than its competitors. This allows the Group to maximise its return and maintain a strong market share.
03 Brand The protection and enhancement of the Auto Trader brand is critical to the Group's future success. Expanding the Group's business will depend largely on the ability to maintain the trust that retailers, consumers and display advertisers place in its services and the quality and integrity of vehicle advertisements and other content found on the marketplace.	Failure to maintain and protect the brand or negative publicity surrounding the Group's products or services could impede the Group's ability to retain or expand its base of retailers, consumers and advertisers or could diminish confidence in and the use of the Group's services.	The Group seeks to maintain and enhance trust through proactively monitoring for, and removing, misleading or fraudulent adverts. Brand heritage and relevance is supported through investment in marketing spend and an open dialogue with all customer segments is maintained regarding the quality of service provided.

Description	Impact	Management and mitigation
04 New or disruptive technologies and changing consumer behaviours The Group is exposed to the rapid pace of change in the online market, and to major changes in the way vehicles are bought and sold or owned.	Failure to innovate or adopt new technologies, or a failure to adapt to changing consumer behaviour towards car buying or ownership could lead to the Group's business being adversely impacted.	To mitigate this, the Group has a policy of continuous improvement and development of online services and products and continues to monitor its own and competitor performance closely.
05 IT systems The Group's IT systems are interdependent and a failure in one system may disrupt the availability and performance of its customer platforms, and the efficiency and functioning of the Group's operations. The Group is exposed to risks of cyber-attack to its websites and services.	Failure in one system could disrupt others and could impact the availability or performance of Group platforms. Security breaches as a result of malicious cyber-attack could lead to the unavailability of services, or loss of data or confidential information. Potential impact to retailers, consumers, advertisers and audience access to the Group's platforms could impact the reputation of the Group and its financial performance.	Through effective use of technology solutions and strict adherence to industry standards the Group deploys tools and processes that automatically intercept, identify and effectively mitigate the vast majority of the security threats. In addition, a team of security experts continually monitor developments outside the Group to help mitigate new known threats in anticipation of an attempt on the Group's infrastructure.

Fast digital culture, driven by innovation

To help us achieve our vision of leading the digital future of the UK automotive industry we have fostered a fast-paced culture that has innovation at its heart, driven by a committed leadership team that combines both digital experience with a long average tenure at the Group.

Our values

Be determined

We got where we are today by being determined. And that's how we'll continue to succeed.

Be curious

Asking questions and trying things out is the best way to stay ahead of changes in the digital world.

Be humble

We need our customers more than they need us. Everything we do, we should do to help them.

Be reliable

Our customers depend on us, so we must always be there with useful services that work effortlessly.

Be inspirational

With over 35 years of experience, Auto Trader is a trusted industry voice. We use that voice wisely.

Our culture

We consolidated our offices and opened two new head offices in Manchester and London, designed to encourage and promote an innovative and collaborative working environment. Employees in the new offices have access to touch screen media walls, meeting rooms, games areas and relaxation areas. We have invested and continue to invest in our employees through extensive training and leadership programmes that are designed to foster a culture of highly engaged employees committed to achieving the Group's mission. We also launched a new three day off-site Company induction for all new employees to immerse them into the Auto Trader business and encourage cross-functional working.

The culture at Auto Trader is:

> purpose and principles driven – empowering teams to focus;
> digital and mobile first – employees continuously strive to improve;
> based on trust and debate – ideas come from everywhere; and
> values and value led – employees are loyal and accountable, which leads to happier customers.

By adhering to the Group's core values, we believe we are making a positive impact not only on our consumer audience and customers, but also on our employees and the communities in which they work and live.

Case study

Company induction

Every month, the learning & development team lead a Company induction at the Green Man in the Peak District. The three day induction is designed to introduce new employees to the business, immerse them in the Auto Trader culture, help them understand the ways in which the business operates, and to encourage friendships across the different teams. We encourage cross-functional working, alignment and forums in which to share ideas.

Matthew Poole
Consumer Adviser
Customer Operations Team
Joined Auto Trader in November 2014

"Auto Trader's willingness to invest in such a comprehensive induction so early into my time at the company really filled me with the sense that they have an unrivalled belief in the abilities of each and every member of staff to thrive in the organisation, irrespective of their position. The activities over the course of the three days range from swashbuckling games to thought-provoking presentations and workshops with the values being displayed every step of the way. The in-house pub and country surroundings create the perfect atmosphere to converse and integrate with fellow inductees, so we were able to live the values and work out what they meant to us all as individuals.

"My highlight from the induction was the opportunity to meet people from the different areas of the business and gain an understanding of how the work they do both strengthens us as an organisation and me as an individual. It has given me the confidence to talk to people from across the business, which improves my knowledge and understanding so ultimately I am better placed to help our customers."

Corporate social responsibility

Our culture is shaped by our values: humility, determination, reliability, curiosity and inspiration. Throughout the organisation, these values manifest themselves in our fast-paced and highly customer orientated approach, and in our commitment to being an exciting, innovative and digital-led company.

Across the business, we are led by a sense of purpose and a set of principles that foster an environment of trust, within which challenge and debate are encouraged and talent is recognised and nurtured.

Corporate Social Responsibility (CSR) at Auto Trader is driven by our values and culture. Our CSR policy covers five key themes of employee engagement, people development and training, health and safety, plus community and environment, and we aim to embed these themes in how we operate our business on a daily basis.

Employee engagement and community

People are the Group's most valuable resource and the success of the Group is to the credit of all its employees. The continued success of Auto Trader is something of which everyone associated with the business can be enormously proud. In recognition of the diverse needs of Auto Trader employees, our flexible benefits scheme, My Benefits, enables employees to tailor their benefits package to meet their own specific needs. As well as our Company funded benefits, we offer a wide range of voluntary benefits, including childcare vouchers, cycle to work and critical illness insurance, that are proving popular amongst our employees.

In April, following the Company's Admission to the London Stock Exchange, we were able to give our employees the opportunity to become shareholders in the business. All eligible employees received £3,600 worth of free shares, the maximum allowed under our HMRC approved Share Incentive Plan (SIP) at the time of Admission, as a thank you for all the hard work and dedication in shaping our business.

The Group is committed to treating all its employees and job applicants fairly and equally. It is our policy not to discriminate on the basis of their gender, sexual orientation, marital or civil partner status, gender identity, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy or trade union membership or the fact that they are a part-time worker or a fixed-term employee. The equal opportunities policy operated by the Group applies to all workers.

Gender diversity as at 29 March 2015	**Male**	**Female**	**Total**
All employees	551	325	876
Senior managers (being the members of the Operational Leadership Team)[1]	11	4	15
Directors of Auto Trader Group plc	7	0	7

1 Senior managers as defined in legislation includes persons responsible for planning, directing or controlling the activities of the Group (or a significant part of the Group) and any other Directors of undertakings included in the consolidated accounts. However, the Board considers that this definition does not reflect the way that Auto Trader is managed and so has presented a more appropriate measure, being the members of its Operational Leadership Team (excluding Executive Directors).

People development and training

Auto Trader is committed to investing in our employees through extensive training and leadership programmes that are designed to equip all of them with the necessary skills to perform to the best of their ability and to foster a culture of highly engaged employees committed to achieving the Group's mission.

In addition to the training and development programme, Auto Trader launched a Success Framework to enable our employees to understand what values and behaviours they should adopt as well as the skills and knowledge base required to succeed at Auto Trader.

Health and safety

We are committed to maintaining a safe workplace for our employees, customers, visitors, contractors and anyone affected by our business activities. It is therefore our policy that all the Group's facilities, products and services comply in all material respects with applicable laws and regulations governing safety and quality.

During the year there were no major injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Community

Each year we assign a fundraising budget which allows employees to request funds for causes that are close to their hearts. This allows us to help a wide range of organisations and offer employees a variety of ways to get involved. Donations from Auto Trader directly to charities totalled £40,000 last year.

However, being a good corporate citizen is not just about fundraising. Our community involvement policy supports employees who wish to work with communities across the UK, either as private individuals or as employees of Auto Trader (for team volunteering days, for example). We also have a successful community sponsorship programme, providing employees with a bursary to support local initiatives or clubs that they are involved with.

In addition, the King's Cross office in London uses Fruitful Office to deliver fruit to the office each week. For every fruit basket our employees receive, the Fruitful Office plants a fruit tree in Malawi to help mitigate the effect of global warming and deforestation, whilst also providing an income to local communities. Since October 2014, the scheme has planted 151 trees on Auto Trader's behalf.

Team taking part in the Great Manchester 10k Run in aid of Forever Manchester

Environment

We are mindful of the effects of our business on the environment and continue to support energy efficiency throughout our business activities. As an internet-based Group with most staff employed in two office locations, we believe our own environmental footprint is small, but we still encourage our employees to take steps to reduce our environmental impact. For instance we operate recycling schemes which have been established with local authorities and recycling partners. There are no waste bins at desks in our offices which encourages a higher level of recycling.

Our offices

Auto Trader has recently moved into two newly-built office spaces: Pancras Square in Kings Cross, London and Tony Wilson Place in Manchester. Both offices are graded highly by the BREEAM standard: the Kings Cross office is rated 'Outstanding' and the Manchester office is rated 'Excellent'.

The Kings Cross office is linked to a site-wide district heating network. This network will generate close to 100% of the development's heating and hot water needs. The building has been designed to maximise the environmental benefits of its location. Orientation, solar shading, the use of thermal mass for cooling and passive ventilation systems all contribute to energy efficiency.

Greenhouse gas emissions statement

Following Admission, Auto Trader is required to measure and report its direct and indirect greenhouse gas (GHG) emissions by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The greenhouse gas report period is aligned to the financial reporting year.

The methodology used to calculate our emissions is based on the financial consolidation approach, as defined in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition) 2004. Emission factors used are from UK government (DEFRA) conversion factor guidance current for the year reported.

The report includes the 'Scope 1' (combustion of fuel) and 'Scope 2' (purchased electricity and gas) emissions associated with our offices and vehicles, for the 12 months between 1 April 2014 and 31 March 2015. Our emissions cover Scope 1 and Scope 2 and we have used revenue as our intensity ratio as this is a relevant indicator of our growth and is aligned with our business strategy.

	2015	2014
Absolute carbon emissions (tCO_2)	**793**	1,462
Revenue (£m)	**255.9**	237.7
Carbon intensity[1]	**3.10**	6.15
Year-on-year change	**(49.6%)**	–

1 Absolute carbon emissions divided by revenue in millions.

The Company's Strategic Report is set out on pages 2 to 25. Approved by the Board on 19 June 2015 and signed on its behalf by:

Sean Glithero
Company Secretary

19 June 2015

Governance

Chairman's introduction

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

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

Dear Shareholders

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

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

Governance framework

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

Directors

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

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

Annual General Meeting

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

Ed Williams
Chairman

19 June 2015

Directors' biographies

Ed Williams
Chairman

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

Appointed to Board:
November 2010

Independent: Yes

External appointments:
None

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

Trevor Mather
Chief Executive

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

Appointed to Board:
June 2013

Independent: N/A

External appointments:
None

Committee memberships:
N/A

Sean Glithero
Finance Director and Company Secretary

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

Appointed to Board:
September 2012

Independent: N/A

External appointments:
None

Committee memberships:
N/A

Tom Hall
Non-Executive Director

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

Appointed to Board:
June 2007

Independent: No

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

Committee memberships:
Audit, Nomination

Nick Hartman
Non-Executive Director

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

Appointed to Board:
October 2013

Independent: No

External appointments:
None

Committee memberships:
None

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

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

Appointed to Board:
June 2014

Independent: Yes

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

Committee memberships:
Audit, Nomination, Remuneration

David Keens
Non-Executive Director

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

Appointed to Board:
May 2015

Independent: Yes

External spppointments:
J Sainsbury plc

Committee memberships:
Audit (Chairman), Nomination, Remuneration

Corporate Governance Statement

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

Introduction

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

Compliance with the 2012 Code

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

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

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

The role of the Board

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

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

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

- responsibility for the overall management of the Group;
- approval of the Group's business strategy and objectives, budgets and forecasts and any material changes to them;
- monitoring the delivery of the Group's business strategy and objectives and responsibility for any necessary corrective action;
- oversight of operations, ensuring adequate systems of internal controls and risk management are in place, ensuring maintenance of accounting and other records and ensuring compliance with statutory and regulatory obligations;
- approval of any extension of the Group's activities or any decision to cease to operate any material part of the Group's business;
- approval of any changes relating to the Group's capital structure and material changes to the Group's management and control structure;
- approval of the financial statements, annual report and accounts, material contracts and major projects;
- approval of the dividend policy;
- ensuring a sound system of internal control and risk management;
- approval of any major capital project;
- approval of communications with shareholders and the market;
- determining changes to structure, size and composition of the Board;
- determining remuneration policy for the Directors and senior employees and approval of the remuneration of the Non-Executive Directors;
- approving any major changes in employee share schemes; and
- approval of all major policies within the Group, including the share dealing, anti-bribery and health and safety policies.

The role of the Board continued

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

Committees of the Board

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

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

Board composition

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

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

Division of responsibilities

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

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

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

Chairman

> The leadership and governance of the Board;

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

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

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

Chief Executive

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

> Responsible for the operations and results of the Group;

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

> Responsible for the effective and ongoing communication with shareholders.

Role of the Senior Independent Director (SID)

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

Board balance and independence

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

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

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

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

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

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

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

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

Length of appointments

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

Diversity

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

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

Election of Directors

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

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

Annual General Meeting

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

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

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

Information and support available to Directors

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

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

Development

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

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

Board evaluation and effectiveness

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

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

External directorships

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

Board and Committee meetings and attendance

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

Relations with shareholders

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

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

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

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

Report of Nomination and Corporate Governance Committee

Letter from the Committee Chairman

Dear Shareholders

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

Members of the Nomination Committee

Chairman	Members
Ed Williams	David Keens
	Tom Hall
	Chip Perry

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

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

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

Role of the Committee

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

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

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

Diversity

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

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

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

Activities of the Nomination Committee

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

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

Ed Williams
Chairman, Nomination Committee

19 June 2015

Report of the Audit Committee

Letter from the Committee Chairman

Dear Shareholders

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

Members of the Audit Committee

Chairman	Members
David Keens	Chip Perry
	Tom Hall

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

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

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

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

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

- Board governance including the Committee and the procedure for assessing the Group's key risks;
- management accounting process and the information provided to the Board;
- external financial reporting procedures, audit arrangements and reporting standards;
- internal control environment both at high and detailed levels;
- complex transactions, potential exposure and risk;
- information systems; and
- budgeting and forecasting procedures and controls.

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

I look forward to meeting with shareholders at the AGM.

David Keens
Chairman, Audit Committee

19 June 2015

Internal controls

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

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

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

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

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

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

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

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

Internal audit

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

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

Significant accounting matters

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

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

External auditors

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

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

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

Non-audit services

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

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

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

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

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

Annual statement by the Chairman of the Remuneration Committee

Letter from the Committee Chairman

Dear Shareholders

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

Members of the Remuneration Committee

Chairman	Members
Ed Williams	David Keens
	Chip Perry

The work of the Committee

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

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

Objectives of the remuneration policy

The remuneration policy is designed with the following key aims:

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

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

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

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

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

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

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

Key elements of remuneration

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

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

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

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

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

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

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

Performance in 2015

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

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

Composition of the Committee

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

Ed Williams
Chairman, Remuneration Committee

19 June 2015

Directors' Remuneration Report

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

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

Remuneration Policy Report

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

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

Policy overview

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

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

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

How the views of shareholders and employees are taken into account

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

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

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

Remuneration policy for Executive Directors

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

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

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

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

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

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

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

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

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

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

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

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

Differences in remuneration policy between Executive Directors and other employees

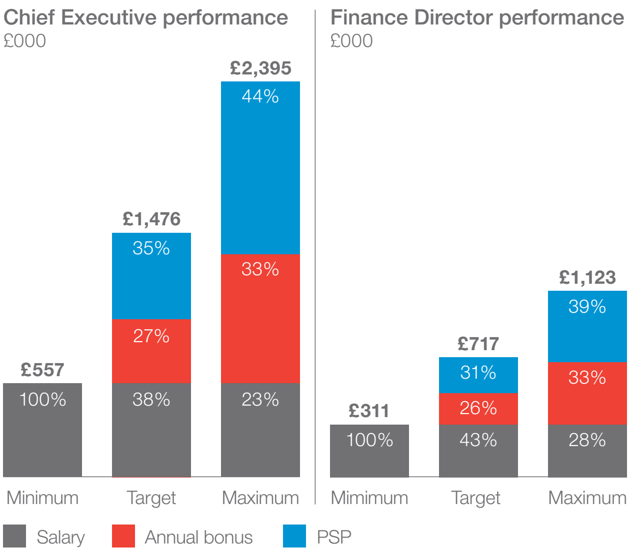
Whilst the policy described above applies specifically to the Company's Executive Directors, the policy principles are designed with due regard to employees across the Group.

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

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

Illustration of application of remuneration policy

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



Assumptions

> Minimum = fixed pay (base salary, benefits and pension)

> Target = fixed pay plus 50% of maximum bonus payout and 50% vesting under the PSP

> Maximum = fixed pay plus 100% of bonus payout and 100% PSP vesting

> Salary levels (on which other elements of the package are calculated) are based on those applying on 1 April 2015. The value of taxable benefits is based on the cost of supplying those benefits (as disclosed) for the year ending 31 March 2015

Service contracts and policy for payments on loss of office

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

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

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

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

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

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

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

Annual bonus on termination

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

Service contracts and policy for payments on loss of office continued

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

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

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

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

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

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

Approach to recruitment and promotions

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

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

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

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

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

Policy on external appointments

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

The remuneration policy for the Chairman and Non-Executive Directors

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

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

Letters of appointment

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

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

Approach to recruitment

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

Annual Report on Remuneration

Implementation of the remuneration policy for the year ending 29 March 2015

This section sets out how the Committee intends to implement the remuneration policy in the 2016 financial year.

Base salary

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

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

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

Pension and benefits

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

Annual bonus

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

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

The metrics and their weightings for 2016 are:

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

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

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

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

Performance Share Plan

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

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

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

Each element will be assessed independently.

Performance Share Plan continued

Cumulative operating profit target

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

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

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

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

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

Relative TSR targets

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

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

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

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

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

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

All-employee share plans

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

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

Share ownership guidelines

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

Fees for the Chairman and Non-Executive Directors

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

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

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

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

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

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

1 Benefits include private healthcare.

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

Annual bonus for the year ended 29 March 2015 – Audited

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

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

Directors' shareholdings and share interests – Audited

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

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

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

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

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

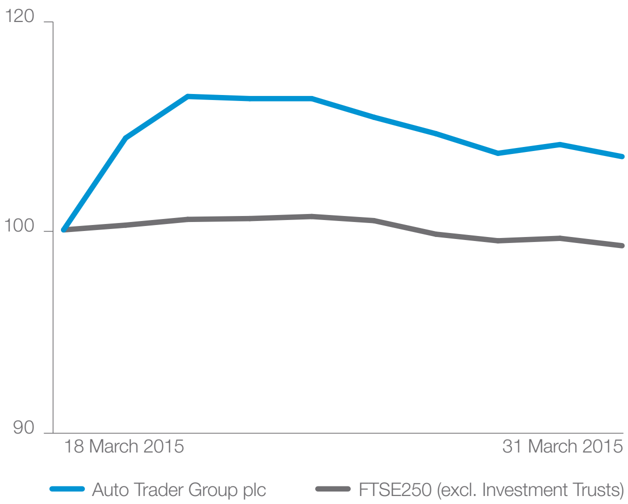
Total pension entitlements – Audited

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

Performance graph and CEO remuneration table

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

Total shareholder return



Source: Datastream (Thomson Reuters)

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

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

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

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

2 No share awards were made or vested in 2015.

Percentage increase in the remuneration of the Chief Executive

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

Relative importance of the spend on pay

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

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

External directorships

Neither of the Executive Directors holds any external directorships.

Membership of the Committee

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

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

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

> comprehensive design of remuneration considerations prior to the IPO and adoption of the new remuneration policy;
> consideration of metrics and targets for the 2016 annual bonus plan and PSP award; and
> consideration and adoption of the 2015 PSP, DABP, SIP and SAYE plans, including prospectus disclosures.

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

External advisers

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

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

Statement of shareholder voting

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

Approval

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

Signed on behalf of the Board of Directors

Ed Williams
Chairman, Remuneration Committee

19 June 2015

Directors' Report

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

Statutory information

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

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

Management Report

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

The Strategic Report

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

UK Corporate Governance Code

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

Appointment and replacement of Directors

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

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

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

Amendment of the Articles

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

Share capital and control

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

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

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

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

Authority to purchase own shares

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

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

Rights attaching to shares

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

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

Voting rights

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

Directors' Report
continued

Restrictions on transfer of securities

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

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

- the Company has agreed, subject to certain customary exceptions, not to issue any ordinary shares in the Company for a period of 180 days following Admission without the prior written consent of the Joint Global Coordinators;
- the Apax Shareholders agreed not to dispose of any ordinary shares in the Company for a period of 360 days following Admission without the prior written consent of the Joint Global Coordinators; and
- each of the Directors has agreed not to dispose of any ordinary shares for a period of 360 days following Admission without the prior written consent of the Joint Global Coordinators.

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

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

Change of control

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

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

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

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

2015 Annual General Meeting

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

Interests in voting rights

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

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

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

Transactions with related parties

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

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

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

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

Results and dividends

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

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

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

Events post year end

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

Research and development

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

Indemnities and insurance

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

Environmental

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

Political donations

During the year, no political donations were made.

External branches

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

Going concern

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

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

Suppliers

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

Financial instruments

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

Independent auditors

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

Disclosure of information to auditors

Each of the Directors has confirmed that:

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

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

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

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

> select suitable accounting policies and then apply them consistently;

> make judgements and accounting estimates that are reasonable and prudent;

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors confirm that to the best of their knowledge:

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

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

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

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

Approval of Annual Report

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

Approved by the Board and signed on its behalf

Sean Glithero
Company Secretary

19 June 2015

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

Report on the Group financial statements

Our opinion

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

> give a true and fair view of the state of the Group's affairs as at 29 March 2015 and of its profit and cash flows for the year then ended;
> have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
> have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

Auto Trader Group plc's financial statements comprise:

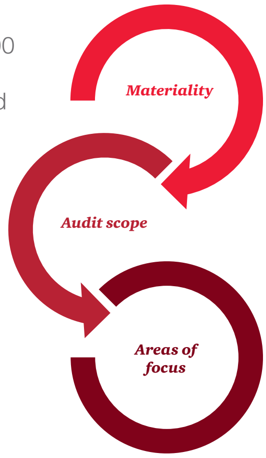
> the Consolidated Balance Sheet as at 29 March 2015;
> the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;
> the Consolidated Statement of Cash Flows for the year then ended;
> the Consolidated Statement of Changes in Equity for the year then ended; and
> the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

Our audit approach

Overview

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



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

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

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

> capital restructuring and refinancing transactions in relation to the Initial Public Offering ('IPO');
> share-based compensation expense;
> treatment of IT development costs; and
> restructuring provisions and related expenses.

The scope of our audit and our areas of focus

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

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

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

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

continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other required reporting

Consistency of other information

Companies Act 2006 opinion
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

We have no exceptions to report arising from this responsibility.

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

We have no exceptions to report arising from this responsibility.

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

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

We have no exceptions to report arising from this responsibility.

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

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

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

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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

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

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

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

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

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

Other matter

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

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

19 June 2015

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

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

Financial Statements

Consolidated income statement

For the year ended 29 March 2015

Continuing operations	Note	2015 £m	2014 £m
Revenue	3	**255.9**	237.7
Administrative expenses	4	**(122.8)**	(139.0)
Operating profit before share-based payments, management incentive plans, exceptional items and impairment charges		**144.1**	126.2
Share-based payments	27	**(3.7)**	–
Management incentive plans	3	**(1.9)**	(0.6)
Exceptional items	4	**(5.4)**	(11.1)
Impairment charges	4	**–**	(15.8)
Operating profit	4	**133.1**	98.7
Finance income	8	**0.1**	0.7
Finance costs	8	**(122.3)**	(95.7)
Finance costs – net		**(122.2)**	(95.0)
Profit before taxation		**10.9**	3.7
Taxation	9	**(2.4)**	(6.5)
Profit/(loss) for the year from continuing operations		**8.5**	(2.8)
Discontinued operations:			
Profit for the year from discontinued operations attributable to equity holders of the parent	7	**1.9**	13.3
Profit for the year attributable to equity holders of the parent		**10.4**	10.5
Adjusted profit measure:			
Adjusted underlying EBITDA	3	**156.6**	136.1
Basic and diluted earnings/(loss) per share from continuing and discontinued operations	10		
From continuing operations (pence per share)		**0.85**	(0.28)
From discontinued operations (pence per share)		**0.19**	1.33
From profit for the year (pence per share)		**1.04**	1.05

Consolidated statement of comprehensive income

For the year ended 29 March 2015

	2015 £m	2014 £m
Profit for the year	**10.4**	10.5
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
IFRS 2 – share-based payments credit	**0.5**	0.7
	0.5	0.7
Items that may be subsequently reclassified to profit or loss		
Cash flow hedges, net of tax	**0.5**	1.1
Currency translation differences	**(0.7)**	(0.4)
	(0.2)	0.7
Other comprehensive income for the year, net of tax	**0.3**	1.4
Total comprehensive income for the year attributable to equity holders of the parent	**10.7**	11.9

Consolidated balance sheet

At 29 March 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets	11	**330.0**	338.4
Property, plant and equipment	12	**8.5**	4.3
Deferred taxation assets	22	**4.6**	4.8
		343.1	347.5
Current assets			
Trade and other receivables	16	**49.0**	52.9
Cash and cash equivalents	18	**22.1**	12.6
		71.1	65.5
Assets of disposal group classified as held for sale	17	**0.3**	2.2
		71.4	67.7
Total assets		**414.5**	415.2
Equity and liabilities			
Equity attributable to equity holders of the parent			
Ordinary shares	24	**1,500.0**	0.1
Preference shares		**–**	175.7
Share premium account		**144.4**	1.5
Accumulated loss		**(789.1)**	(1,023.2)
Capital reorganisation reserve		**(1,060.8)**	–
Other reserves		**29.4**	95.3
Total equity		**(176.1)**	(750.6)
Liabilities			
Non-current liabilities			
Borrowings	19	**540.7**	1,107.2
Deferred taxation liabilities	22	**0.6**	0.8
Retirement benefit obligations	23	**–**	–
Provisions for other liabilities and charges	21	**2.3**	4.6
		543.6	1,112.6
Current liabilities			
Trade and other payables	20	**40.4**	38.3
Current income tax liabilities		**2.7**	5.0
Derivative financial instruments	15	**–**	0.6
Provisions for other liabilities and charges	21	**3.9**	9.3
		47.0	53.2
Total liabilities		**590.6**	1,165.8
Total equity and liabilities		**414.5**	415.2

The financial statements from pages 64 to 106 were approved by the Board of Directors and authorised for issue.

Sean Glithero
Finance Director

19 June 2015

Auto Trader Group plc Registered number 09439967

Consolidated statement of changes in equity

For the year ended 29 March 2015

	Note	Share capital £m	Share premium account £m	Accumulated loss £m	Capital reorganisation reserve £m	Other reserves £m	Total equity £m
Balance at March 2013		**177.5**	**1.5**	**(1,033.6)**	**–**	**94.6**	**(760.0)**
Comprehensive income:							
Profit for the year		–	–	10.5	–	–	10.5
Other comprehensive income:							
Cash flow hedges, net of tax		–	–	1.1	–	–	1.1
IFRS 2 – share-based payments credit		–	–	0.7	–	–	0.7
Currency translation differences		–	–	–	–	(0.4)	(0.4)
Total other comprehensive gain/(loss), net of tax		–	–	1.8	–	(0.4)	1.4
Total comprehensive income/(loss), net of tax		–	–	12.3	–	(0.4)	11.9
Transactions with owners:							
Roll-up of preference share dividend		0.1	–	(0.1)	–	–	–
Payment of principal and dividend on preference shares		(1.8)	–	(1.8)	–	1.1	(2.5)
Balance at March 2014		**175.8**	**1.5**	**(1,023.2)**	**–**	**95.3**	**(750.6)**
Comprehensive income:							
Profit for the year		–	–	10.4	–	–	10.4
Other comprehensive income:							
Cash flow hedges, net of tax		–	–	0.5	–	–	0.5
IFRS 2 – share-based payments credit		–	–	0.5	–	–	0.5
Currency translation differences		–	–	–	–	(0.7)	(0.7)
Total other comprehensive gain/(loss), net of tax		–	–	1.0	–	(0.7)	0.3
Total comprehensive income/(loss), net of tax		–	–	11.4	–	(0.7)	10.7
Transactions with owners:							
IFRS 2 – share-based payments credit		–	–	3.7	–	–	3.7
Roll-up of preference share dividend prior to Group restructure		0.2	–	(0.2)	–	–	–
Repurchase and cancellation of ordinary share capital	24	(0.1)	–	(20.9)	–	0.1	(20.9)
Premium on ordinary share capital issued prior to Group restructure		–	1.1	–	–	–	1.1
Preference share capital issued prior to Group restructure		1.8	–	–	–	0.7	2.5
Dividends paid prior to Group restructure		–	–	(3.6)	–	–	(3.6)
Capital transaction – Group restructure, share-for-share exchange and issue of Auto Trader Group plc shares	24	1,322.3	141.8	243.7	(1,060.8)	(66.0)	581.0
Balance at March 2015		**1,500.0**	**144.4**	**(789.1)**	**(1,060.8)**	**29.4**	**(176.1)**

Consolidated statement of cash flows

For the year ended 29 March 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operations before exceptional operating items		**154.8**	134.0
Cash flows from exceptional operating items (excluding IPO fees) – continuing		**(9.8)**	(4.4)
Cash flows from exceptional operating items – discontinued		**(0.2)**	(2.2)
Cash generated from operations	26	**144.8**	127.4
Tax paid		**(4.7)**	(10.9)
Net cash generated from operating activities		**140.1**	116.5
Cash flows from investing activities			
Proceeds from disposal of subsidiary, net of cash disposed	26	**–**	32.3
Receipt of deferred consideration		**–**	0.1
Purchases of intangible assets – financial systems	11	**(1.9)**	(6.1)
Purchases of intangible assets – capitalised development spend	11	**–**	(4.9)
Purchases of intangible assets – other	11	**(0.4)**	(1.7)
Purchases of intangible assets – discontinued	11	**–**	(0.3)
Purchases of property, plant and equipment – continuing	12	**(6.8)**	(2.9)
Purchases of property, plant and equipment – discontinued	12	**–**	(0.4)
Proceeds from sale of property, plant and equipment		**–**	0.1
Proceeds from sale of assets held for sale – discontinued		**3.5**	–
Bank deposit and other interest received		**0.1**	0.7
Net cash (used in)/generated from investing activities		**(5.5)**	16.9
Cash flows from financing activities			
Proceeds from issue of ordinary shares following the Group restructure		**460.3**	–
Proceeds from issue of ordinary shares prior to the Group restructure	24	**3.7**	–
Redemption of Shareholder Loan Notes		**–**	(490.9)
Preference dividend and capital paid to Company's shareholders		**–**	(2.5)
Loan to Company's shareholder prior to the Group restructure		**(19.3)**	(5.2)
Drawdown of former Senior and Junior Debt	19	**–**	990.4
Repayment of former Senior and Junior Debt	19	**(990.4)**	(664.7)
Drawdown of Syndicated Term Loan	19	**550.0**	–
Payment of IPO costs		**(15.3)**	–
Payment of Syndicated Term Loan arrangement fees	19	**(9.4)**	–
Early repayment fees		**(29.4)**	–
Payment of former Senior and Junior Debt refinancing fees		**(2.1)**	(21.8)
Purchase of former Senior Debt	19	**–**	(7.6)
Payment of interest on borrowings and hedging instruments		**(73.2)**	(28.3)
Payment of other interest		**–**	(0.1)
Net cash used in financing activities		**(125.1)**	(230.7)
Net increase/(decrease) in cash and cash equivalents		**9.5**	(97.3)
Cash and cash equivalents at beginning of year	18	**12.6**	110.3
Exchange losses on cash		**–**	(0.4)
Cash and cash equivalents at end of year	18	**22.1**	12.6

Notes to the consolidated financial statements

General information

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the inside back cover.

1 Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial information presented is at and for the 52-week financial years ended 30 March 2014 and 29 March 2015. Financial year ends have been referred to as 31 March throughout the consolidated financial statements as per the Company's accounting reference date. Financial years are referred to as 2014 and 2015 in these consolidated financial statements.

On 24 March 2015, the Company obtained control of the entire share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited) via a share-for-share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share-for-share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. In substance these financial statements reflect the continuation of the pre-existing Group, headed by Auto Trader Holding Limited (formerly Auto Trader Group Limited) and the financial statements have been prepared applying the principles of predecessor accounting ownership, this was a common control transaction and therefore outside the scope of IFRS 3.

As a result, the comparatives presented in these financial statements are the consolidated results of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The prior year balance sheet reflects the share capital structure of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The current period balance sheet presents the legal change in ownership of the Group, including the share capital of Auto Trader Group plc and the capital reorganisation reserve arising as a result of the share-for-share exchange transaction. The consolidated statement of changes in equity on page 67 and the additional disclosures in note 24 explain the impact of the share-for-share exchange in more detail.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), IFRS Interpretation Committee (IFRS IC), interpretations as adopted by the EU and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Critical accounting estimates and judgements

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

The accounting estimates believed to require the most difficult, subjective or complex judgements and which are the most critical to the reporting of results of operations and financial positions are as follows:

- carrying values of assets relating to goodwill;
- share-based payments; and
- capitalisation of software and website development costs.

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

1 Accounting policies continued

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

Costs incurred in developing new products are capitalised in accordance with the Group's accounting policy for software and website development costs (note 11). Determining the amounts to be capitalised requires management to make assumptions and estimates regarding the expected future cash generation of the software products or websites and the expected period of benefits.

New accounting standards and IFRS IC interpretations

The Group has adopted the following new and amended IFRSs in all years presented in the consolidated financial statements. There has not been a material impact to the Group when adopting these new and amended IFRSs:

> IAS 1 (amendment) Financial statement presentation

> IAS 12 (amendment) Income taxes

> IAS 19 (amendment) Employee benefits

> IAS 27 (revised) Separate financial statements

> IAS 27 (amendment) Separate financial statements

> IAS 28 (revised) Associates and joint ventures

> IAS 32 (amendment) Financial instruments: Presentation

> IAS 36 (amendment) Impairment of assets

> IAS 39 (amendment) Financial instruments: Recognition and measurement

> IFRS 10 Consolidated financial statements

> IFRS 11 Joint arrangements

> IFRS 12 Disclosure of interests in other entities

> IFRS 13 Fair value measurement

> Amendments to IFRS 10, 11 and 12

> Annual improvements 2011.

The following standards and interpretations were issued by the IASB and IFRS IC, but have not been adopted either because they were not endorsed by the EU at 31 March 2015 or they are not yet mandatory and the Group has not chosen to early-adopt them. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

> Annual improvements 2012 and 2013 (effective 1 July 2014)

> IFRS 10 (amendment) Consolidated financial statements (effective 1 January 2016)

> IFRS 11 (amendment) Joint arrangements (effective 1 January 2016)

> IAS 16 (amendment) Property, plant and equipment (effective 1 January 2016)

> IAS 28 (amendment) Investment in associates and joint ventures (effective 1 January 2016)

> IAS 38 (amendment) Intangible assets (effective 1 January 2016)

> IFRS 9 Financial instruments (effective 1 January 2018)

> IFRS 15 Revenue from contracts with customers (effective 1 January 2017).

Basis of consolidation

The Group's consolidated financial statements consolidate the financial statements of Auto Trader Group plc and all of its subsidiary undertakings.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operational Leadership Team that makes strategic decisions (note 3).

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of discounts, returns and value-added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Revenue comprises:

> fees for advertising on the Group's website and web-related activities, which are recognised on a straight-line basis as the service is provided;

> retailer website build and hosting subscription fees, maintenance contracts and other subscription fees, which where invoiced in advance are deferred and recognised on a straight-line basis over the period to which they relate; and

> fees for advertising in the Group's publishing titles and the sale of the publications, which are recognised on the date of publication (discontinued operations).

Discontinued operations

The closure of the magazines division in the UK and Ireland at the end of June 2013 and the sale of the South African subsidiary, The Car Trader (Pty) Limited, on 9 October 2013 have been presented as discontinued operations (note 7).

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

1 Accounting policies continued

Employee benefits

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

a) Defined contribution scheme

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

b) Defined benefit scheme

The Group operates one defined benefit pension scheme that is closed to new members. The liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme's assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 'other comprehensive income' in the period in which they arise.

c) Share-based payments

Equity-settled awards are valued at grant date, and the difference between the grant date fair value and the consideration paid by the employee is charged as an expense in the Income Statement spread over the vesting period. The credit side of the entry is recorded in equity. Cash-settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability. Movements in provisions for bad leavers are taken through reserves.

Non-underlying items

Significant items of income and expense that do not relate to the trading of the Group are disclosed as 'non-underlying'. Examples of such items are exceptional items, share-based payments, management incentive plans (relating to the change of ownership structure) and impairment charges.

Exceptional items

Significant non-recurring items of income and expense are disclosed as 'exceptional items'. Examples of items that may give rise to disclosure as exceptional items include costs of major restructuring and reorganisation of the business, corporate refinancing and restructuring costs, gains on the early extinguishment of borrowings or impairments of intangible assets, property, plant and equipment, as well as the reversal of such writedowns or impairments, material disposals of property, plant and equipment and litigation settlements. A full analysis of exceptional items is provided in note 4 and note 8.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling (£), which is the Group's functional and presentation currency.

b) Transactions and balances

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

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

> assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

> income and expenses for each Income Statement are translated at average exchange rates; and

> all resulting exchange differences are recognised as a separate component of equity.

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.

Intangible assets

a) Goodwill
Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are charged to the Income Statement and are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Trademarks, trade names, technology and customer relationships
Separately acquired trademarks, trade names, technology and customer relationships are shown 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 and customer relationships acquired in a business combination are recognised at fair value at the acquisition date.

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

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

> it is technically feasible to complete the software product or website so that it will be available for use;

> management intends to complete the software product or website and use or sell it;

> there is an ability to use or sell the software product or website;

> it can be demonstrated how the software product or website will generate probable future economic benefits;

> adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and

> the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product, website or system include employee and contractor costs.

Other development expenditures that do not meet these criteria as well as ongoing maintenance and costs associated with routine upgrades and enhancements are recognised as an expense as incurred.

Development costs for software, websites and systems are carried at cost less accumulated amortisation and are amortised over their useful lives (not exceeding five years) at the point in which they come into use.

1 Accounting policies continued

Property, plant and equipment

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

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

Land, buildings and leasehold improvements:

Freehold buildings	50 years
Leasehold land and buildings	life of lease
Leasehold improvements	life of lease
Motor vehicles	5 years
Plant and equipment	3-10 years.

Assets in the course of construction are recorded within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

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

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

Impairment of non-financial assets

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

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

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

Assets and liabilities (or disposal groups) held for sale

Assets and liabilities (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. On classification as held for sale, they are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses are included in the Income Statement, as are any gains and losses on subsequent re-measurement.

Financial assets

The Group classifies its financial assets in the categories of loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial assets measured at fair value are those held for trading or designated at fair value through profit or loss. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Financial assets carried at fair value through the profit or loss account are initially recognised at fair value, and transaction costs are expensed in the Income Statement. They are subsequently re-measured to fair value and gains or losses arising from changes in the fair value are recognised in the Income Statement in the period in which they arise.

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

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement. If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to the Income Statement.

Derivative financial instruments and hedging

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the contract date and are subsequently re-measured at their fair value. Changes in the fair value of instruments that do not qualify for hedge accounting are recognised in the Income Statement as they arise.

The Group documents at the inception of the transaction the relationship between the hedging instrument and the hedged item. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative used in the hedging transactions is highly effective in offsetting changes in the cash flows of the hedged item. The fair value of the derivative instrument used for hedging purposes is disclosed in note 15.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in 'other comprehensive income'. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within 'finance costs'. Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item affects the profit or loss.

Trade receivables

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

1 Accounting policies continued

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

Trade payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the Income Statement over the period of the borrowings using the effective interest method.

Finance and issue costs associated with the borrowings are charged to the Income Statement using the effective interest rate method from the date of issue over the estimated life of the borrowings to which the costs relate.

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

The buyback of bank borrowings represents the discharge of the obligation to repay the debt. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised as an exceptional gain in the Income Statement, as it is a significant non-recurring item.

Preference shares are treated as borrowings where in substance they have the features of debt instruments; otherwise they are classified as equity. The related dividends are recognised as an interest expense for debt instruments and as dividends for equity instruments.

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

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

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

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

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

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

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities where in substance they have features of debt instruments, otherwise they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable the Group's owners.

Share premium and other reserves

The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in 'share premium'. The amount subscribed for the preference shares in excess of the nominal value of these new preference shares is recorded in 'other reserves'.

Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

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

Earnings per share

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

As explained in the basis of preparation accounting policy, the Group's financial statements reflect the continuation of the pre-existing group headed by Auto Trader Holding Limited (formerly Auto Trader Group Limited). The 2015 weighted average number of shares has been stated as the weighted average number of shares in the period from the date of the Group reorganisation to the balance sheet date. The 2014 weighted average number of shares has been stated as if the Group reorganisation set out in note 24 had occurred at the beginning of the comparative period.

A reconciliation of the adjusted and alternative measure to the statutory measure required by IFRS is given in note 10.

2 Financial risk management

a) Financial risk factors

In the course of its business the Group is exposed to market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and technology risk. The Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of Directors.

Market risk

i. Foreign exchange risk

Following the sale of the South African subsidiary in October 2013, the Group no longer has any significant foreign exchange risk as 98% of the Group's revenue and 97% of costs are sterling-denominated.

The Group operates in overseas regions, primarily in Ireland. In previous years, overseas regions included South Africa. Foreign-currency-denominated net assets of overseas operations were not hedged as they represented a relatively small proportion of the Group's net assets. The Group operated a dividend policy across these regions ensuring any surplus cash was remitted to the UK thereby minimising the impact of exchange volatility. Forward currency contracts were entered into when appropriate to eliminate exposures on this dividend income.

ii. Interest rate risk

The Group's interest rate risk arises from long-term borrowings under the new Syndicated Term Loan subject to floating rates of interest linked to LIBOR. Prior to the Group restructure in March 2015 the Group also had interest rate risk from borrowings under the former Syndicated Bank Loan ('former Senior Debt'), the Goldman Sachs Mezzanine Partners (GSMP) Junior Debt ('former Junior Debt') and Shareholder Loan Notes subject to floating rates of interest linked to LIBOR.

Prior to the Group restructure interest rate risk on the bank borrowings was managed by using interest rate swaps to convert £335.0m (31 March 2014: £335.0m) of the debt from floating to fixed rates. Under the interest rate swaps the Group agreed with the other party to exchange on a monthly basis the difference between the fixed contract rate and the floating rate interest amounts calculated by reference to the agreed notional amounts.

The interest rate swaps held by the Group were settled as part of the Group restructure and were not replaced by any similar arrangements. The Group monitors interest rates on an ongoing basis.

iii. Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Group has dedicated standards, policies and procedures to control and monitor all such risks. Although the Group is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit rating reviews of the counterparties and by limiting the total amount of exposure to any one party. The Group does not believe it is exposed to any material concentrations of credit risk. As an example, the Group's borrowings are arranged with a syndicate of major banks and are committed until 2020.

Credit risk relating to trade receivables is managed centrally and the credit risk for new customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that existing customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. Sales to private customers are primarily settled using major debit or credit cards which reduces the risk in this area. Overall the Group considers that it is not exposed to a significant amount of either customer credit or bad debt risk, due to the diversified and fragmented nature of the customer base.

The cost of bad debts for the year ended 31 March 2015 was 0.8% (for the year ended 31 March 2014: 0.8%).

iv. Liquidity risk

Cash flow forecasting is performed centrally by the Group treasury manager. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans.

Surplus cash held by operating entities over and above the balance required for working capital management is invested centrally in interest-bearing current accounts and money market deposits with appropriate maturities or sufficient liquidity as required by the above-mentioned forecasts. At the balance sheet date the Group held money market deposits of £Nil (31 March 2014: £Nil) that are expected to generate cash inflows for managing liquidity risk.

The table below analyses the Group's financial liabilities and undrawn commitments into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows, except for derivative financial instruments cash flows.

At 31 March 2015	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Borrowings	**–**	**–**	**550.0**	**–**
Derivative financial instruments	**–**	**–**	**–**	**–**
Trade and other payables	**6.4**	**–**	**–**	**–**
Undrawn revolving credit and other facilities	**–**	**–**	**30.0**	**–**
Total	**6.4**	**–**	**580.0**	**–**

At 31 March 2014	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Borrowings	–	–	632.0	487.2
Derivative financial instruments	0.6	–	–	–
Trade and other payables	13.9	–	–	–
Undrawn revolving credit and other facilities	–	–	35.0	–
Total	**14.5**	**–**	**667.0**	**487.2**

b) Capital risk management

The Group considers capital to be net debt plus adjusted total equity. Net debt is defined as borrowings less cash and short-term deposits. Adjusted total equity is defined as total equity excluding accumulated loss, as shown in the consolidated balance sheet.

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

	2015 £m	2014 £m
Loans due within one year	**–**	–
Loans and overdrafts greater than one year	**540.7**	1,107.2
Less: Cash and cash equivalents	**(22.1)**	(12.6)
Total net debt	**518.6**	1,094.6
Total equity	**(176.1)**	(750.6)
Less: Accumulated loss	**789.1**	1,023.2
Adjusted total equity	**613.0**	272.6
Total capital	**1,131.6**	1,367.2

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

The margin payable on the new Syndicated Term Loan interest is dependent on the consolidated leverage ratio of Auto Trader Group plc and its subsidiaries and this is calculated and reviewed on a semi-annual basis. Repayments can be made without penalty under the new Syndicated Term Loan Agreement and there is no requirement to settle all or part of the new Syndicated Term Loan earlier than their termination date of 2020.

2 Financial risk management continued

c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

> quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

> inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

> inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

As at 31 March 2015	**Level 2 £m**	**Total £m**
Liabilities		
Derivative financial instruments (used for hedging)	–	–

As at 31 March 2014	Level 2 £m	Total £m
Liabilities		
Derivative financial instruments (used for hedging)	(0.6)	(0.6)

The fair values of the interest rate swaps (derivative financial instruments) are calculated at the present value of the estimated future cash flows.

3 Segmental information

IFRS 8 Operating segments requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there is only one operating segment, being the Group, as the information reported includes operating results at a consolidated Group level only. This reflects the nature of the business, where the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and are not attributable to any specific customer type or revenue stream. There is also considered to be only one reporting segment, which is the Group, the results of which are shown in these consolidated statements of comprehensive income.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team (OLT) who are the chief operating decision-maker (CODM). The OLT is made up of a number of Directors and key management and is responsible for the strategic decision-making of the Group.

To assist in the analysis of the Group's revenue-generating trends, the OLT reviews revenue from three customer types as detailed below:

> **Trade** – revenue from products and services provided to retailers and home traders to support their online activities;

> **Consumer services** – revenue from individuals for vehicle advertisements on the Group's websites. This category also includes revenue from services directed at consumers relating to their motoring needs, such as insurance and loan finance; and

> **Display advertising** – revenue from customers, advertising agencies and retailers for placing display advertising on the Group's websites.

The reporting information provided to the OLT, which presents revenue by customer type, has been voluntarily disclosed below:

Revenue	2015 £m	2014 £m
Trade	**214.8**	198.4
Consumer services	**29.0**	29.1
Display advertising	**12.1**	10.2
Total revenue from continuing operations	**255.9**	237.7

The revenue from external parties reported to the OLT is measured in a manner consistent with that in the Income Statement.

Adjusted underlying EBITDA

Operating costs, comprising administrative expenses, are managed on a group basis. The OLT measures the overall performance of the Group by reference to the following non-GAAP measure:

> Adjusted underlying EBITDA, which is underlying operating profit (operating profit before impairment, exceptional items and non-trading items such as IFRS 2 charges in respect of share-based payments and the costs of management incentive plans) less capitalised development expenditure, excluding expenditure incurred on building the Group's financial systems and before depreciation and amortisation.

This adjusted profit measure is applied by the OLT to understand the earnings trend of the Group and is considered the most meaningful measure by which to assess the true operating performance of the Group.

In addition to annual bonuses which are linked to the Group's financial performance, the Group had a number of longer term cash management incentive plans and non-cash share-based payments incentives linked to changes in ownership of the Group (and linked to the valuation achieved) rather than the achievement of individual or Company-specific financial performance targets. In addition, since 31 December 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements and as a result where the Group's expenditure on development salaries no longer meets the criteria for capitalisation, it has been expensed as incurred.

The Directors believe that these items and adjusted measures of performance should be separately disclosed in order to assist in the understanding of financial performance achieved by the Group and for consistency with prior years.

	2015 £m	2014 £m
Operating profit	**133.1**	98.7
Share-based payments	**3.7**	–
Management incentive plans	**1.9**	0.6
Exceptional items	**5.4**	11.1
Impairment charges	**–**	15.8
Capitalised development spend[1]	**–**	(4.9)
Depreciation	**2.5**	2.2
Amortisation	**10.0**	12.6
Adjusted underlying EBITDA	**156.6**	136.1

1 Excluding costs capitalised in respect of SingleView.

A reconciliation of the total segment operating profit to the profit before tax and discontinued operations is provided as follows:

	2015 £m	2014 £m
Total segment operating profit	**133.1**	98.7
Finance costs – net	**(122.2)**	(95.0)
Profit before tax and discontinued operations	**10.9**	3.7

3 Segmental information continued

The OLT reviews the balance sheet information for the one operating segment. The segment's assets and liabilities are presented in a manner consistent with that of the financial statements.

The Group is domiciled in the UK and the following table details external sales by location of customers and non-current assets (excluding deferred tax) by geographic area:

	2015 £m	2014 £m
Revenue:		
UK	251.3	232.9
Ireland	4.6	4.8
Total continuing operations	**255.9**	237.7
Discontinued operations – UK	–	2.8
Discontinued operations – Rest of world	–	8.0
Total continuing and discontinued operations	**255.9**	248.5
Non-current assets:		
UK	333.2	336.4
Ireland	5.3	6.3
Total continuing and discontinued operations	**338.5**	342.7

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

4 Operating profit

Expenses by nature including exceptional items and impairment charges:

	Note	2015 £m	2014 £m
Staff costs	5	58.4	52.5
Contractor costs		1.4	2.8
Depreciation of property, plant and equipment	12	2.5	2.2
Impairment of property, plant and equipment	12	–	0.7
Amortisation of intangibles	11	10.0	12.6
Impairment of intangibles	11	–	11.9
Impairment of investments	13	–	3.2
Operating lease payments		3.3	3.3
Net foreign exchange losses		0.1	–
IT and communication costs		7.8	7.1
Other expenses		39.3	42.7
Total administrative expenses		**122.8**	139.0
Included within share-based payments, management incentive plans, exceptional items and impairment charges		(11.0)	(27.5)
Total administrative expenses before share-based payments, management incentive plans, exceptional items and impairment charges		**111.8**	111.5

Exceptional items and impairment charges:

	Note	2015 £m	2014 £m
Restructuring of Group operations		**3.9**	11.1
IPO costs		**1.5**	–
Impairment of property, plant and equipment	12	**–**	0.7
Impairment of intangibles	11	**–**	11.9
Impairment of investments	13	**–**	3.2
Total exceptional items and impairment charges		**5.4**	26.9

Restructuring of Group operations relates to redundancy, property and other costs for the relocation of offices in the UK and other reorganisation costs.

Exceptional IPO costs relate to costs associated with the Initial Public Offering (IPO) of Auto Trader Group plc shares on the London Stock Exchange on 24 March 2015.

Exceptional finance costs of £29.4m (2014: £10.8m) have been included separately within finance costs (note 8).

The exceptional items, including impairment charges, disclosed above are classified as exceptional by management in accordance with the accounting policy in note 1.

Services provided by the Company's auditors

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

	2015 £m	2014 £m
Fees payable for the audit of the Company and consolidated financial statements	**0.1**	0.1
Fees payable for other services:		
– the audit of the subsidiary undertakings pursuant to legislation	**0.2**	0.2
– tax advisory services	**–**	0.1
– services relating to completed and proposed corporate finance transactions	**–**	0.3
– other assurance services	**1.8**	–
– other non-audit services	**0.8**	0.2
Total	**2.9**	0.9

5 Employees and Directors

	2015 £m	2014 £m
Wages and salaries	**43.3**	44.7
Social security costs	**5.0**	5.0
Other pension costs (note 23)	**2.0**	1.8
	50.3	51.5
Share-based payments charge (note 27)	**3.7**	–
Management incentive plans	**1.9**	0.6
Restructuring costs	**2.5**	4.5
	58.4	56.6
Capitalised development costs	**–**	(4.1)
Total	**58.4**	52.5

Staff costs in note 4 exclude employee costs capitalised as part of software development.

5 Employees and Directors continued

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

	2015 Number	2014 Number
Customer operations	**403**	444
Product and technology	**326**	344
Display	**36**	34
Corporate	**133**	157
Total	**898**	979

6 Directors' and key management remuneration

The remuneration of Directors was as follows:

	2015 £m	2014 £m
Aggregate Directors' emoluments	**1.8**	2.6
Share-based payments charge	**2.2**	–
Compensation for loss of office	**–**	0.2
Pension contributions	**0.1**	0.1
Total	**4.1**	2.9

During the years ended 31 March 2015 two Directors (2014: one Director) were members of the Group's defined pension contribution scheme.

All the above remuneration was paid by Auto Trader Limited (formerly Trader Publishing Limited), a subsidiary of the Group.

The remuneration of the highest paid Director was as follows:

	2015 £m	2014 £m
Aggregate emoluments	**0.4**	2.0
Share-based payments charge	**1.9**	–
Pension contributions	**0.1**	0.1
Total	**2.4**	2.1

During the year to 31 March 2015, Trevor Mather and Sean Glithero (2014: Trevor Mather, Sean Glithero and Zillah Byng-Maddick) received remuneration in respect of their services as Directors of the Company and subsidiary undertakings. Ed Williams received remuneration in respect of his services as a Director of the Company and Auto Trader Holding Limited (formerly Auto Trader Group Limited), a subsidiary undertaking. Chip Perry received remuneration in respect of his services as a Director of the Company and Auto Trader Holding Limited (formerly Auto Trader Group Limited), a subsidiary undertaking, since his appointment in June 2014.

During the year to 31 March 2015, Tom Hall and Nick Hartman (2014: Tom Hall, Nick Hartman, Irina Hemmers, Andrew Miller and Darren Singer) received no remuneration in respect of their services as Directors of the Company and Auto Trader Holding Limited (formerly Auto Trader Group Limited) a subsidiary undertaking.

Prior to the Group restructure on 24 March 2015 the shareholders of Auto Trader Holding Limited (formerly Auto Trader Group Limited), a subsidiary of the Company, received a total of £0.1m for the provision of Directors' services to the Group.

Key management compensation

During the year to 31 March 2015, key management comprised the members of the OLT (2014: OLT and Executive Committee). The composition and number of people within key management changed on 1 October 2013 following the internal reorganisation of the business after the closure of the magazines division and the sale of the South African subsidiary.

The remuneration of all key management (including Directors) was as follows:

	2015 £m	2014 £m
Short-term employee benefits	**6.5**	5.7
Share-based payments	**3.7**	–
Management incentive plans	**0.3**	–
Compensation for loss of office	**–**	0.5
Pension contributions	**0.3**	0.3
Total	**10.8**	6.5

7 Discontinued operations

The magazines division in the UK and Ireland was closed at the end of June 2013. The South African subsidiary, The Car Trader (Pty) Limited, was sold on 9 October 2013. For the purposes of the financial statements, the magazines division and South African subsidiary have been presented as discontinued operations in 2014 and 2015.

The analysis of the results of discontinued operations is as follows:

	2015 £m	2014 £m
Revenue	**–**	10.8
Expenses	**0.1**	(6.9)
Exceptional items: restructuring credit	**0.5**	0.4
Exceptional items: profit on disposal of held-for-sale asset	**1.3**	–
Profit before tax of discontinued operations	**1.9**	4.3
Taxation charge	**–**	(1.0)
Profit after tax of discontinued operations	**1.9**	3.3
Profit on disposal of discontinued operations	**–**	9.2
Foreign exchange gain on disposal of discontinued operations	**–**	0.8
Profit for the year from discontinued operations	**1.9**	13.3

8 Finance income and finance costs

	2015 £m	2014 £m
Finance income		
On bank balances	**0.1**	0.7
Total	**0.1**	0.7
Finance costs		
On bank loans and overdrafts	**65.3**	29.5
On shareholders' loans	**12.9**	53.2
Net losses on derivative financial instruments	**2.7**	1.4
Other interest payable	**–**	0.1
Amortised debt issue costs	**12.0**	0.7
Exceptional: early repayment premium (note 19)	**26.2**	–
Exceptional: settlement of derivatives	**3.2**	–
Exceptional: refinancing costs	**–**	10.8
Total	**122.3**	95.7

The exceptional early repayment premium was incurred in relation to the settlement of the former Goldman Sachs Mezzanine Partners (GSMP) Junior Debt. The former GSMP Junior Debt was settled in full as part of the Group restructure on 24 March 2015 (note 19).

The Group opted to settle its interest rate swap agreements as part of the Group restructure. The Group incurred a charge as a result of the transaction which was expensed in full in the year ended 31 March 2015 and classified as exceptional.

Exceptional refinancing costs were incurred in relation to the refinancing of the former Senior Debt in the year ended 31 March 2014 (note 19). These costs were expensed in full, as the Directors believe the refinancing represented an extinguishment of the previous debt facility.

9 Taxation

	2015 £m	2014 £m
Current taxation		
UK corporation taxation	**2.2**	7.1
Foreign taxation	**0.1**	0.1
Adjustments in respect of prior years	**0.1**	(0.6)
Total current taxation	**2.4**	6.6
Deferred taxation		
Origination and reversal of temporary differences	**–**	(1.4)
Adjustments in respect of prior years	**–**	0.7
Effect of rate changes on deferred taxation	**–**	0.6
Total deferred taxation	**–**	(0.1)
Total taxation charge	**2.4**	6.5

The differences between the total taxation shown above and the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operations are as follows. The Group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

	2015 £m	2014 £m
Profit before taxation	**10.9**	3.7
Tax on profit on ordinary activities at the standard UK corporation tax rate of 21% (2014: 23%)	**2.3**	0.9
Non-taxable income	**(0.5)**	–
Expenses not deductible for taxation purposes	**1.8**	5.0
Adjustments in respect of foreign tax rates	**(0.1)**	(0.1)
Other temporary differences	**(1.2)**	–
Effect of rate changes on deferred taxation	**–**	0.6
Adjustments in respect of prior years	**0.1**	0.1
Total taxation charge	**2.4**	6.5

Taxation on items taken directly to equity was a credit of £0.4m (2014: £0.4m credit) and relates to financial derivatives and IPO costs recognised in share premium.

The tax charge for the year is based on the effective rate of UK corporation tax for the period of 21% (2014: 23%). The statutory rate of corporation tax reduced from 23% to 21% on 1 April 2014 and to 20% on 1 April 2015. These changes were substantively enacted on 2 July 2013 and hence the impact was reflected in the opening tax balances. There was therefore no impact on the current year financial statements.

10 Earnings per share

a) Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of Auto Trader Group plc by the weighted average number of ordinary shares in issue from the date of the IPO to 31 March 2015.

	2015 £m	2014 £m
Profit/(loss) from continuing operations attributable to equity holders of the parent	**8.5**	(2.8)
Profit from discontinued operations attributable to equity holders of the parent	**1.9**	13.3
Total profit attributable to equity holders of the parent	**10.4**	10.5
Weighted average number of ordinary shares in issue (millions)	**1,000**	1,000
Basic earnings per share (in pence) from continuing operations	**0.85**	(0.28)
Basic earnings per share (in pence) from discontinued operations	**0.19**	1.33
Basic earnings per share (in pence)	**1.04**	1.05

Basic and diluted earnings per share are the same as there is no difference between the basic and the diluted number of shares. The weighted average number of shares for both the current and preceeding years has been stated as if the Group reorganisation as set out in note 24 had occurred at the beginning of the comparative year.

10 Earnings per share continued

b) Adjusted earnings per share

Adjusted basic and diluted earnings per share figures are calculated by dividing adjusted profit after tax for the year by the weighted average number of shares in issue (as set out above). Adjusted earnings per share are presented for continuing operations only.

Continuing operations	2015 £m	2014 £m
Profit/(loss) from continuing operations	**8.5**	(2.8)
Exceptional items	**5.4**	11.1
Impairment charges	**–**	15.8
Management incentives	**1.9**	0.6
Share-based payments	**3.7**	–
Exceptional finance cost	**29.4**	10.8
Capitalised development spend	**–**	(4.9)
Tax effect	**(7.7)**	(4.7)
Total adjusted profit from continuing operations	**41.2**	25.9
Weighted average number of ordinary shares in issue (millions)	**1,000**	1,000
Adjusted earnings per share from continuing operations (in pence)	**4.12**	2.59

11 Intangible assets

	Goodwill £m	Software and website development costs £m	Financial systems £m	Customer relationships £m	Technology £m	Trade names and trademarks £m	Total £m
At 31 March 2013	**1,068.9**	**57.1**	**3.1**	**6.5**	**5.6**	**1.9**	**1,143.1**
Additions – capitalised internal development spend	–	4.9	–	–	–	–	4.9
Additions – other	–	1.1	6.1	–	–	–	7.2
Reclassification to property, plant and equipment	–	(0.3)	–	–	–	–	(0.3)
Disposals	(635.0)	(8.6)	–	(0.7)	–	–	(644.3)
Exchange differences	(0.1)	(0.1)	–	–	–	–	(0.2)
At 31 March 2014	**433.8**	**54.1**	**9.2**	**5.8**	**5.6**	**1.9**	**510.4**
Additions – other	–	0.4	1.9	–	–	–	2.3
Disposals	–	(0.7)	–	–	–	–	(0.7)
Exchange differences	(0.6)	(0.1)	–	–	–	–	(0.7)
At 31 March 2015	**433.2**	**53.7**	**11.1**	**5.8**	**5.6**	**1.9**	**511.3**
Accumulated amortisation and impairments							
At 31 March 2013	**723.4**	**37.8**	**–**	**5.2**	**2.3**	**0.8**	**769.5**
Amortisation charge	–	11.3	–	0.4	0.9	0.2	12.8
Impairment	10.8	1.1	–	–	–	–	11.9
Disposals	(613.4)	(8.1)	–	(0.7)	–	–	(622.2)
At 31 March 2014	**120.8**	**42.1**	**–**	**4.9**	**3.2**	**1.0**	**172.0**
Amortisation charge	–	6.9	1.7	0.4	0.8	0.2	10.0
Disposals	–	(0.7)	–	–	–	–	(0.7)
At 31 March 2015	**120.8**	**48.3**	**1.7**	**5.3**	**4.0**	**1.2**	**181.3**
Net book value at 31 March 2015	**312.4**	**5.4**	**9.4**	**0.5**	**1.6**	**0.7**	**330.0**
Net book value at 31 March 2014	313.0	12.0	9.2	0.9	2.4	0.9	338.4

At 31 March 2015, £0.1m of software and website development costs (31 March 2014: £8.7m) represented assets under construction. Amortisation of these assets will commence when they are brought into use.

For the year to 31 March 2015, the amortisation charge of £10.0m (2014: £12.6m) has been charged to administrative expenses in the Income Statement and £Nil (2014: £0.2m) has been charged to the results from the discontinued operations.

£609.2m of the goodwill cost disposals in the year ended 31 March 2014 related to the closed magazines division and this was held at £Nil net book value. Goodwill cost disposals of £25.8m were also recorded in that year for the sale of the South African subsidiary.

In the year to 31 March 2014, the impairment of software and website development costs of £1.1m relate to certain assets of a business unit which were closed in the following year.

Goodwill, which has an indefinite useful life, is subject to annual impairment testing, or more frequent testing if there are indicators of impairment. The method used is as follows:

> goodwill is allocated to the appropriate cash-generating units (CGUs) based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill;

> the recoverable amounts of the CGUs are determined from value-in-use calculations that use cash flow projections from the latest three year plan approved by the Directors; and

> key assumptions in the budgets and plans include future revenue growth rates, associated future levels of marketing support, directly associated overheads and tax. These assumptions are based on historical trends and future market expectations. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate of 2.0% (2014: 2.0%). The pre-tax discount rate which has been applied in determining value in use for individual CGUs for potential impairments is 8.0%.

Significant headroom exists in the CGUs that have not been fully impaired. There are no reasonable possible changes to the assumptions presented above that would result in any further impairment recorded in each of the years presented in these financial statements.

The impairments in 2014 arose from decisions by management to close certain business operations. In the year ended 31 March 2014 an impairment loss of £10.8m was charged relating to 2nd Byte, a UK business unit that is in the process of closing.

12 Property, plant and equipment

	Assets under construction £m	Land, buildings and leasehold improvements £m	Plant and equipment £m	Motor vehicles £m	Total £m
Cost					
At 31 March 2013	–	3.5	18.2	0.1	21.8
Additions	1.0	–	2.3	–	3.3
Reclassification from intangible assets	–	–	0.3	–	0.3
Disposals	–	(0.7)	(5.2)	(0.1)	(6.0)
Transfer to disposal group held for sale (note 17)	–	(0.5)	–	–	(0.5)
Exchange differences	–	–	(0.1)	–	(0.1)
At 31 March 2014	**1.0**	**2.3**	**15.5**	**–**	**18.8**
Additions	6.1	–	1.0	–	7.1
Reclassification	(6.9)	3.3	3.6	–	–
Transfer to disposal group held for sale (note 17)	–	(0.8)	–	–	(0.8)
Disposals	–	(0.6)	(4.3)	–	(4.9)
At 31 March 2015	**0.2**	**4.2**	**15.8**	**–**	**20.2**
Accumulated depreciation					
At 31 March 2013	–	2.2	14.7	0.1	17.0
Charge for the year	–	0.1	2.2	–	2.3
Impairment		0.2	0.5	–	0.7
Transfer to disposal group held for sale (note 17)	–	(0.3)	–	–	(0.3)
Disposals	–	(0.6)	(4.5)	(0.1)	(5.2)
At 31 March 2014	**–**	**1.6**	**12.9**	**–**	**14.5**
Charge for the year	–	0.2	2.3	–	2.5
Transfer to disposal group held for sale (note 17)	–	(0.5)	–	–	(0.5)
Disposals	–	(0.5)	(4.3)	–	(4.8)
At 31 March 2015	**–**	**0.8**	**10.9**	**–**	**11.7**
Net book value at 31 March 2015	**0.2**	**3.4**	**4.9**	**–**	**8.5**
Net book value at 31 March 2014	1.0	0.7	2.6	–	4.3

The depreciation expense of £2.5m for the year to 31 March 2015 and the depreciation expense of £2.2m for the year ended 31 March 2014 have been recorded in administrative expenses. In 2014, £0.1m of depreciation expense was charged to the results from discontinued operations.

An impairment of £0.7m was recorded against certain assets relating to the relocation of offices in the UK during the year ended 31 March 2014.

13 Investments

Shares in other undertakings

	£m
Cost	
At 31 March 2015 and 31 March 2014	3.2
Provision for impairment	
At 1 April 2013	–
Impairment	3.2
At 31 March 2014 and 31 March 2015	3.2
Net book value at 31 March 2015	**–**
Net book value at 31 March 2014	–

At the balance sheet date the Group holds a 19.4% (2014: 22.7%) interest in the preferred share capital of IAUTOS Company Limited. IAUTOS Company Limited is an intermediate holding company through which are held trading companies incorporated in the People's Republic of China. It is not considered an associate as the Group does not have significant influence over this entity. This investment was fully impaired in the year to 31 March 2014 as the Chinese trading companies are loss-making with forecast future cash outflows.

Subsidiary undertakings

At 31 March 2015 the principal trading and holding subsidiaries of the Group are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited (formerly Auto Trader Group Limited)	England and Wales	Financing company	Ordinary	100%	100%
Trader Media Group Holdings Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Media Group (2003) Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Finance (2009) Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Corporation Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Finance Limited	England and Wales	Financing company	Ordinary	–	100%
Auto Trader Limited (formerly Trader Publishing Limited)	England and Wales	Classified listings	Ordinary	–	100%
Webzone Limited	Republic of Ireland	Classified listings	Ordinary	–	100%

The Car Trader (Pty) Limited was sold on 9 October 2013.

14 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 March 2015	Loans and receivables £m	Financial assets at fair value through profit and loss £m	Non-financial assets £m	Total £m
Financial assets as per balance sheet:				
Trade and other receivables	32.9	–	16.1	49.0
Cash and cash equivalents	22.1	–	–	22.1
Total	**55.0**	**–**	**16.1**	**71.1**

31 March 2015	Financial liabilities measured at amortised cost £m	Financial liabilities at fair value through profit or loss £m	Non-financial liabilities £m	Total £m
Financial liabilities as per balance sheet:				
Borrowings	(540.7)	–	–	(540.7)
Trade and other payables	(6.4)	–	(34.0)	(40.4)
Derivative financial instruments	–	–	–	–
Total	**(547.1)**	**–**	**(34.0)**	**(581.1)**

31 March 2014	Loans and receivables £m	Financial assets at fair value through profit and loss £m	Non-financial assets £m	Total £m
Financial assets as per balance sheet:				
Trade and other receivables	45.6	–	7.3	52.9
Cash and cash equivalents	12.6	–	–	12.6
Total	58.2	–	7.3	65.5

31 March 2014	Financial liabilities measured at amortised cost £m	Financial liabilities at fair value through profit or loss £m	Non-financial liabilities £m	Total £m
Financial liabilities as per balance sheet:				
Borrowings	(1,107.2)	–	–	(1,107.2)
Trade and other payables	(13.9)	–	(24.4)	(38.3)
Derivative financial instruments	–	(0.6)	–	(0.6)
Total	(1,121.1)	(0.6)	(24.4)	(1,146.1)

Non-financial assets include prepayments and accrued income. Non-financial liabilities include other taxes and social security and accruals and deferred income.

15 Derivative financial instruments

	2015 Assets £m	2015 Liabilities £m	2014 Assets £m	2014 Liabilities £m
Current portion:				
Interest rate swap: cash flow hedge	–	–	–	0.6
Non-current portion:				
Interest rate swap: cash flow hedge	–	–	–	–
Total	–	–	–	0.6

The fair values of derivative interest rate contracts are estimated by discounting expected future cash flows using current market interest rates and yield curves over the remaining term of the instrument.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the maturity of the hedged item is less than 12 months.

On 24 March 2015, as part of the Group restructure, the Group settled its interest rate swap agreements. On settlement the Group incurred an expense equal to the fair value of the derivative interest rate agreements at that date (note 8). The notional principal amount of the outstanding interest rate swap contracts at 31 March 2015 was £Nil (31 March 2014: £335.0m).

In the year ended 31 March 2015, the ineffective portion recognised in the Income Statement that arises from the cash flow hedges amounted to a loss of £Nil. The ineffective portion recognised in the Income Statement that arises from the cash flow hedges was £Nil in 2014.

At 31 March 2014, the fixed interest rates were between 1.2945% and 1.35% and the floating rate was based on one-month LIBOR. The gains or losses recognised in equity on the interest rate swap contracts as of 31 March 2014 have been released to the Income Statement over the remaining life of the instrument.

16 Trade and other receivables

	2015 £m	2014 £m
Trade receivables	35.7	42.9
Less: provision for impairment of trade receivables	(2.9)	(2.6)
Trade receivables – net	32.8	40.3
Amounts owed by related parties (note 29)	–	5.2
Other receivables	0.1	0.1
Prepayments and accrued income	16.1	7.3
Total	49.0	52.9

The ageing analysis of trade receivables is as follows:

	2015 £m	2014 £m
Fully performing	25.3	33.2
Past due but not impaired:		
Up to three months	6.9	6.6
Impaired	3.5	3.1
Total	35.7	42.9

It was assessed that a portion of the impaired receivables is expected to be recovered.

16 Trade and other receivables continued

Movements on the provision for impairment of trade receivables are as follows:

	2015 £m	2014 £m
At beginning of year	**2.6**	3.2
Provision for receivables impairment	**2.0**	1.9
Receivables written off during the year as uncollectible	**(1.7)**	(2.3)
Disposal of subsidiary	**–**	(0.2)
Total	**2.9**	2.6

The creation and release of the provision for impaired receivables is included in administrative expenses in the Income Statement.

The other classes within 'trade and other receivables' do not contain impaired assets, except where indicated.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable included within 'trade and other receivables'. The Group does not hold any collateral as security. Due to the large number of customers the Group services, the credit quality of trade receivables is not deemed a significant risk.

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	2015 £m	2014 £m
Sterling	**35.0**	41.8
Euro	**0.7**	1.1
Total	**35.7**	42.9

At 31 March 2015 and 31 March 2014 all other financial receivables are primarily denominated in sterling.

17 Assets of disposal group classified as held for sale

Unoccupied properties no longer required by the Group have been placed for sale and are held at cost less accumulated depreciation and any impairment loss. One of the properties was let during the year ended 31 March 2014 and was reclassified as an investment property held for sale as the property was sold in November 2014.

	2015 £m	2014 £m
Non-current assets held for sale:		
Property, plant and equipment	**0.3**	0.4
Investment property	**–**	1.8
Total	**0.3**	2.2

18 Cash and cash equivalents

	2015 £m	2014 £m
Cash at bank and in hand	**22.1**	12.6

The Group's credit risk on cash and cash equivalents is limited as the counterparties are well-established banks with high credit ratings. At 31 March 2015 and 31 March 2014, the cash and cash equivalents are primarily denominated in sterling.

19 Borrowings

Non-current	2015 £m	2014 £m
Syndicated Term Loan gross of unamortised debt issue costs	**550.0**	–
Unamortised debt issue costs	**(9.3)**	–
Syndicated Term Loan net of unamortised debt issue costs	**540.7**	–
Former Junior Debt gross of unamortised debt issue costs	**–**	358.4
Debt issue costs	**–**	(12.0)
Former Junior Debt net of unamortised debt issue costs	**–**	346.4
Former Senior Debt	**–**	632.0
Series A, B and C Shareholder Loan Notes	**–**	128.8
Total	**540.7**	1,107.2

The Syndicated Term Loan, the former Senior Debt, former Junior Debt and Shareholder Loan Notes are repayable as follows:

	2015 £m	2014 £m
Within two to five years	**550.0**	632.0
Over five years	**–**	487.2
Total	**550.0**	1,119.2

The carrying amounts of borrowings approximate their fair values.

Syndicated Term Loan (the debt under the terms of the new Senior Facilities Agreement)

On 24 March 2015, the Company and a subsidiary undertaking, Auto Trader Holding Limited (formerly Auto Trader Group Limited), entered into a £550.0m Senior Facilities Agreement as part of the Group restructure. The associated debt transaction costs were £9.4m. The first utilisation was made on 24 March 2015 when £550.0m was drawn.

Interest on the Syndicated Term Loan is charged at LIBOR plus a margin of between 1.5% and 3.25% depending on the consolidated leverage ratio of the Group. There is no requirement to settle all or part of the debt earlier than the termination date in March 2020.

Under the Senior Facilities Agreement, the lenders also made available to the Company and Auto Trader Holding Limited a £30.0m revolving credit facility (the 'RCF'). Other than an ancillary facility of £0.6m, the RCF was undrawn at 31 March 2015 (2014: £35.0m). Cash drawings under the RCF would incur interest at LIBOR, or in the case of loans in Euro, EURIBOR plus a margin of between 1.25% and 3.0% depending on the consolidated leverage of the Group (31 March 2014: 3.75%). A commitment fee of 35% of the margin applicable to the RCF from time to time is payable quarterly in arrears on the unutilised amounts of the RCF.

Senior Bank Debt ('former Senior Debt') (the debt under the terms of the former Senior Facilities Agreement)

On 28 February 2014 the Group refinanced the former Senior Debt as part of an overall refinancing of the Group. £267.0m of the former Senior Debt was transferred to a new tranche B4 which was due to expire in December 2017. All of the remaining former Senior Debt was transferred to the existing tranche B2X with a maturity of June 2017. In addition to the refinancing transactions in 2014 the Group repaid £32.7m of the former Senior Debt.

During the year to 31 March 2015 a subsidiary undertaking purchased £Nil (31 March 2014: £16.9m) of the former Senior Debt.

19 Borrowings continued

Interest on the former Senior Debt was charged at LIBOR plus a margin of between 2% and 4.5% depending on the consolidated leverage ratio of Trader Media Corporation (2003) Limited up to 28 February 2014. Following the renegotiation of the facility the interest was charged at LIBOR plus a margin of between 4.25% and 4.5% (31 March 2014: 4.25% and 4.5%) based on the consolidated leverage ratio of Trader Media Group Holdings Limited. This calculation encompasses the former GSMP Junior Debt of £358.4m described below.

On 24 March 2015 the Group repaid the full £632.0m of the former Senior Debt (together with accrued interest, break costs and other costs payable under the terms of the former Senior Facilities Agreement) as part of the overall restructuring of the Group.

GSMP Junior Debt ('former Junior Debt') (the debt under the terms of the former GSMP Junior Debt Agreement)

On 21 January 2014 the Group entered into a £412.4m facilities agreement with Goldman Sachs Mezzanine Partners (GSMP) and £358.4m of former Junior Debt was drawn on 28 February 2014. The associated debt transaction costs were £12.7m. The interest payable on the former Junior Debt was charged at LIBOR with a floor of 1% plus a fixed margin of 8.75%. There was no requirement to settle all or part of the debt earlier than the termination date in February 2021.

On 24 March 2015 the Group repaid the full £358.4m of the former Junior Debt (together with accrued interest, break costs and other costs payable under the terms of the GSMP Junior Debt Agreement) as part of the overall restructuring of the Group. A premium of £26.2m has been recognised in finance costs in the year to 31 March 2015 (note 8).

Series A, B and C Shareholder Loan Notes

On 24 March 2015, as part of the overall Group restructure, the Group settled the full £128.8m of Shareholder Loan Notes in exchange for ordinary shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

Interest was charged at LIBOR plus a margin of 9% on the Series A, B and C Shareholder Loan Notes. Interest was payable annually in arrears in June on the anniversary of the issue date, however the interest was rolled up into the principal every year since issue. On 28 February 2014 as part of the former Senior Debt refinancing transaction, accrued interest on all Shareholder Loan Notes was rolled into the principal.

In 2014, £490.7m of Series A Shareholder Loan Notes and £0.2m of Series C Shareholder Loan Notes were repaid.

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

	2015 £m	2014 £m
One month or less	**550.0**	990.4
One to three months	**–**	128.8
Six to 12 months	**–**	–
Total	**550.0**	1,119.2

20 Trade and other payables

	2015 £m	2014 £m
Trade payables	**5.3**	6.6
Other taxes and social security	**10.1**	7.2
Other payables	**0.6**	0.7
Accruals and deferred income	**23.9**	17.2
Accrued interest payable	**0.5**	6.6
Total	**40.4**	38.3

21 Provisions for other liabilities and charges

	Onerous lease and dilapidations provision £m	Restructuring provision £m	Management incentive plan provision £m	Holiday pay provision £m	Total £m
At 31 March 2013	2.5	3.7	2.9	0.4	9.5
Charged to the Income Statement	4.8	4.9	1.5	0.3	11.5
Credited to other comprehensive income	–	–	(0.7)	–	(0.7)
Utilised in the year	(0.8)	(3.1)	–	(0.3)	(4.2)
Released in the year	(0.3)	(0.9)	(0.9)	–	(2.1)
On disposal of subsidiary	–	–	–	(0.1)	(0.1)
At 31 March 2014	6.2	4.6	2.8	0.3	13.9
Charged to the Income Statement	0.2	0.7	1.9	0.3	3.1
Credited to other comprehensive income	–	–	(0.5)	–	(0.5)
Utilised in the year	(2.4)	(2.8)	(3.8)	(0.3)	(9.3)
Released in the year	(0.1)	(0.9)	–	–	(1.0)
At 31 March 2015	**3.9**	**1.6**	**0.4**	**0.3**	**6.2**

	2015 £m	2014 £m
Current	**3.9**	9.3
Non-current	**2.3**	4.6
Total	**6.2**	13.9

The onerous lease provision has been provided for future payments under property leases in respect of unoccupied properties no longer suitable for the Group's use. At 31 March 2015 the onerous leases expire between February 2015 and January 2017. Dilapidations have been provided for all UK and Ireland properties based on the estimate of costs upon exit of the leases, which expire between April 2015 and February 2029.

The restructuring provision relates to redundancy and other costs concerning key relocations and reorganisations in the UK, and costs associated with completed and proposed corporate finance transactions.

At 31 March 2015 the management incentive plan provision comprises amounts that are payable to senior management under long-term management incentive plans.

At 31 March 2014 the management incentive plan provision comprises amounts payable under long-term management incentive plans that may be payable to senior management shareholders on leaving the Group in accordance with the bad leaver requirements as set out in note 27. It also includes amounts payable under long-term cash management incentive plans.

The holiday pay provision relates to liabilities for holiday pay in relation to the UK and Ireland operations for leave days accrued and not yet taken at the end of the financial year.

22 Deferred taxation

The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred taxation assets	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2013	4.8	0.8	5.6
Charged to the Income Statement	(0.4)	–	(0.4)
Charged directly to equity	–	(0.4)	(0.4)
At 31 March 2014	4.4	0.4	4.8
Credited to the Income Statement	0.2	–	0.2
Charged directly to equity	–	(0.4)	(0.4)
At 31 March 2015	**4.6**	**–**	**4.6**

Deferred taxation liabilities	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2013	–	1.3	1.3
Credited to the Income Statement	–	(0.5)	(0.5)
At 31 March 2014	–	0.8	0.8
Credited to the Income Statement		(0.2)	(0.2)
At 31 March 2015	**–**	**0.6**	**0.6**

23 Retirement benefit obligations

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

In the year to 31 March 2015 the pension contributions to the Group defined contribution scheme amounted to £2.0m (2014: £1.9m) including the contributions related to the discontinued operations. At 31 March 2015, there are £0.3m (31 March 2014: £0.3m) of pension contributions outstanding relating to the Group's defined contribution scheme.

The defined benefit pension scheme provides benefits based on final pensionable pay and this scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the Group's defined contribution scheme.

The most recent actuarial valuation of the defined benefit obligations was performed as at 31 March 2015 by a qualified independent actuary.

The amounts recognised in the balance sheet are determined as follows:

	2015 £m	2014 £m
Present value of funded obligations	**19.1**	15.7
Fair value of plan assets	**(19.6)**	(16.9)
Effect of surplus cap	**0.5**	1.2
Net liability recognised in the balance sheet	**–**	–

The surpluses of £0.5m as at 31 March 2015 and £1.2m as at 31 March 2014 were not recognised as assets as they were not deemed to be recoverable by the Group.

The net retirement benefit income before taxation recognised in the Income Statement in respect of the defined benefit schemes is summarised as follows:

	2015 £m	2014 £m
Interest income on net defined benefit obligation	–	–
Administration expenses paid by the scheme	–	–
Net retirement benefit income before taxation	–	–

The amounts recognised in the statement of other comprehensive income are as follows:

	2015 £m	2014 £m
Actuarial (losses)/gains recognised in the year (before tax)	(0.8)	0.7
Reversal of surplus cap	0.8	(0.7)
Total	–	–

The movement in the defined benefit obligations over the year is as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 31 March 2013	15.8	(15.8)	–
Interest expense/(income)	0.7	(0.7)	–
Remeasurements:			
Gain from changes in financial assumptions	(0.4)	–	(0.4)
Return on plan assets, excluding amounts included in interest expense/(income)	–	(0.3)	(0.3)
Benefits paid	(0.4)	0.4	–
Effect of surplus cap	–	0.7	0.7
At 31 March 2014	15.7	(15.7)	–
Interest expense/(income)	0.7	(0.7)	–
Remeasurements:			
Loss from changes in financial assumptions	3.1	–	3.1
Return on plan assets, excluding amounts included in interest expense/(income)	–	(2.3)	(2.3)
Benefits paid	(0.4)	0.4	–
Effect of surplus cap	–	(0.8)	(0.8)
At 31 March 2015	**19.1**	**(19.1)**	**–**

During the year to 31 March 2015, the Group did not contribute to the defined benefit scheme (2014: £Nil). No contributions to this scheme are expected in the next financial year and there are no minimum funding requirements. As at 31 March 2015, approximately 70% of the liabilities (2014: 70%) are attributable to former employees who have yet to reach retirement and 30% to current pensioners.

23 Retirement benefit obligations continued

The significant actuarial assumptions were as follows:

	2015	2014
Discount rate	**3.30%**	4.30%
Pension growth rate	**2.20%**	2.60%
Inflation rate	**3.30%**	3.60%

Sensitivity to key assumptions has not been disclosed as any reasonable possible changes would not result in a significant change to the amounts recorded in the financial statements.

The Group has assumed that mortality will be in line with nationally published mortality table S1NA related to members' years of birth with a long-term rate of improvement of 1.5% per annum. These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2015		2014	
	Male Years	**Female Years**	Male Years	Female Years
Member aged 65 (current life expectancy)	**88**	**90**	88	90
Member aged 45 (life expectancy at age 65)	**90**	**93**	90	93

Plan assets are comprised as follows:

	2015		2014	
	£m	**%**	£m	%
Equities	**10.8**	**55.1**	9.3	55.0
Corporate bonds	**7.9**	**40.3**	6.7	39.7
Real estate	**0.9**	**4.6**	0.9	5.3
Total	**19.6**	**100.0**	16.9	100.0

This defined benefit pension scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility
The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while creating volatility and risk in the short term. The allocation to equities is monitored to ensure it remains appropriate given the scheme's long-term objectives.

Changes in bond yields
A decrease in corporate bond yields will increase the scheme liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk
A proportion of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy
The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The weighted average duration of the defined benefit obligation is 22 years.

24 Share capital

Share capital	2015 £m	2014 £m
Allotted, called-up and fully paid		
1,000,000,000 ordinary shares of £1.50 each (2014: £Nil)	**1,500**	–
Nil cumulative irredeemable preference shares of £1 each (2014: 175,458,245)	**–**	175.7
Nil A ordinary shares of 10 pence each (2014: 50,100)	**–**	–
Nil B ordinary shares of 10 pence each (2014: 38,655)	**–**	–
Nil C ordinary shares of 10 pence each (2014: 9,949)	**–**	–
Nil D ordinary shares of 10 pence each (2014: 1,296)	**–**	–
Nil deferred B ordinary shares of 10p each (2014: 911,245)	**–**	0.1
Nil deferred shares of £0.0001 each (prior years: 430,000,000)	**–**	–
Total	**1,500**	175.8

The share capital of the Group is represented by the share capital of the parent company, Auto Trader Group plc. This company was incorporated on 13 February 2015 to act as the holding company of the Group. Prior to this the share capital of the Group was represented by the share capital of the previous parent, Auto Trader Holding Limited (formerly Auto Trader Group Limited).

The table below summarises the movements in share capital during the year ended 31 March 2015.

	£m
Balance at 1 April 2014	175.8
Repurchase and cancellation of Auto Trader Holding Limited ordinary share capital	(0.1)
Roll-up of Auto Trader Holding Limited preference share dividend	0.2
Auto Trader Holding Limited preference share capital issued	1.8
Group restructuring	1,322.3
Total	**1,500.0**

Auto Trader Group plc was incorporated on 13 February 2015 and issued one ordinary share of £1 at par and one redeemable preference share of £49,999 at par.

On 24 March 2015 the Company issued 14 ordinary shares of £1 at par.

On 24 March 2015 as part of the Group restructuring the following steps took place:

> the 15 ordinary £1 shares were sub-divided into 10 £1.50 shares;

> the Company issued 804,106,797 ordinary shares of £1.50 in exchange for the entire share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited). The Company issued 195,893,193 ordinary shares of £1.50 for cash consideration of £460.3m; and

> the Company repurchased and cancelled the redeemable preference share of £49,999 for cash consideration of £49,999.

25 Dividends

Prior to the Group restructure, ordinary dividends of £3.6m (2014: £Nil) were paid in respect of the year ended 31 March 2015 to the shareholders of Auto Trader Holding Limited (formerly Auto Trader Group Limited). Rolled-up preference dividends and preference share capital, including premium, of £Nil (2014: £2.5m) were paid during the year (note 24).

Dividends paid were declared on shares over the Group's previous parent Auto Trader Holding Limited (formerly Auto Trader Group Limited) and were settled via the waiver of amounts due from Shareholders.

The Directors' policy with regards to future Dividends is set out in the Strategic Report on pages 2 to 25.

26 Cash generated from operations

	2015 £m	2014 £m
Profit before taxation including discontinued operations	**12.8**	18.0
Adjustments for:		
Depreciation	**2.5**	2.3
Amortisation	**10.0**	12.8
Profit on disposal of property, plant and equipment	**(1.2)**	–
Goodwill and other impairment charges	**–**	15.8
Profit on disposal of discontinued operations	**–**	(9.2)
Foreign exchange gain on disposal of discontinued operations	**–**	(0.8)
Fair value loss on customer list asset	**–**	0.6
Share-based payments charge	**3.7**	–
Finance costs	**122.3**	84.9
Finance income	**(0.1)**	(0.7)
IPO costs	**1.5**	–
Refinancing fees	**–**	10.8
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):		
Trade and other receivables	**(1.5)**	(13.8)
Trade and other payables	**2.3**	1.6
Provisions	**(7.5)**	5.1
Cash generated from operations	**144.8**	127.4

The cash flows of discontinued operations are as follows:

	2015 £m	2014 £m
Cash generated from operations	**(0.1)**	4.9
Taxation	**(0.1)**	(1.4)
Operating cash flows	**(0.2)**	3.5
Investing cash flows	**3.4**	(0.3)
Financing cash flows	**–**	–
Total cash flows	**3.2**	3.2

During the year ended 31 March 2014, the Group disposed of its 100% equity interest in its South African subsidiary, The Car Trader (Pty) Limited. The fair values of assets and liabilities over which control was lost were as follows:

	The Car Trader (Pty) Ltd £m
Net assets disposed of:	
Intangible assets	22.0
Property, plant and equipment	0.6
Trade and other receivables	0.7
Trade and other payables	(1.3)
Currency translation differences and foreign exchange gain	1.1
Gain on disposal	9.2
	32.3
Satisfied by:	
Cash and cash equivalents received as consideration	36.3
Cash and cash equivalents sold	(4.0)
Total net cash consideration	32.3

27 Share-based payments

Prior to the Group restructure (note 24) a number of the Group's Directors and senior managers were invited to become shareholders in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

The assumptions used in the measurement of the fair value of the shares awarded to the Group's Directors and senior managers are calculated at the date on which the award was communicated to the individuals. The expense of £3.7m (note 4) recognised in the Income Statement in respect of these shares was determined using the Black-Scholes valuation model and the following assumptions.

Grant/award date	Number of shares issued	Exercise price	Expected term (years)	Risk-free rate (%)	Dividend yield (%)	Expected volatility (%)	Fair value per share (pounds)
4 July 2014	19,838	Nil	1.0	1.48	Nil	30.0	76.84
25 Feb 2015	196	Nil	1.0	1.48	Nil	30.0	3,003.96
25 Feb 2015	398	42.05	1.0	1.48	Nil	30.0	3,003.96

On 4 July 2014, 19,838 E ordinary shares of £0.001 each were gifted to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid in cash by a third-party individual.

On 25 February 2015, 196 E ordinary shares of £0.001 each were issued to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid in cash by a third-party individual.

On 25 February 2015, 398 E ordinary shares of £0.001 each were issued to certain Directors and members of key management. The nominal value of these shares of £0.40 was fully paid in cash by the Directors and members of key management. In addition, the Directors and members of key management receiving the shares paid a premium of £42.05 per share.

No new shares were gifted to Directors and members of senior management during 2014.

The Articles of Association of Auto Trader Holding Limited (formerly Auto Trader Group Limited) define 'good leavers' and 'bad leavers' where a bad leaver is an employee-shareholder leaving the business because of voluntary resignation, summary dismissal or breach of restrictive covenants within 12 months of leaving. All other employee-shareholders leaving the business are good leavers.

On leaving the business, the Articles of Auto Trader Holding Limited (formerly Auto Trader Group Limited) require that E ordinary and F ordinary shares (31 March 2014: C ordinary and D ordinary shares) held by the leaver may be required to sell their shares to such persons as nominated by the Board of Directors of Auto Trader Holding Limited (formerly Auto Trader Group Limited).

The entire share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited) was acquired by the Company through a share-for-share exchange on 24 March 2015 as part of the Group restructure (note 24). This has resulted in £0.5m of the share-based payments provision being released during the year ended 31 March 2015 (2014: £0.7m).

No expense was recognised in the year ended 31 March 2014 for the issue of shares by Auto Trader Holding Limited (formerly Auto Trader Group Limited) as the consideration received for the C and D ordinary shares was equal to or greater than the fair value of the shares.

28 Commitments and contingencies

Capital expenditure contracted for at the end of the reporting years but not yet incurred was as follows:

	2015 £m	2014 £m
Property, plant and equipment	–	3.8
Intangible assets	–	–
Total	–	3.8

At 31 March 2014, £3.8m of capital expenditure commitment related to the new Manchester and London properties.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2015 £m	2014 £m	**2015 £m**	2014 £m
No later than one year	**1.6**	1.9	**0.4**	0.8
Later than one year and no later than five years	**7.9**	3.7	**0.3**	0.4
Later than five years	**17.3**	14.3	–	–
Total	**26.8**	19.9	**0.7**	1.2

At 31 March 2015, £17.3m (31 March 2014: £14.3m) of future lease payments payable after five years relate to the new Manchester and London properties. The lease terms on these properties are between ten and 15 years and both lease agreements are renewable at the end of the lease period at market rate.

29 Related party transactions

Prior to 24 March 2015 a subsidiary company Auto Trader Holding Limited (formerly Auto Trader Group Limited) was jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l.. Prior to 1 March 2014 Auto Trader Holding Limited (formerly Auto Trader Group Limited) was jointly controlled by Crystal A Holdco S.à r.l, Crystal B Holdco S.à r.l and GMG (TMG) Limited. GMG (TMG) Limited sold its entire holding of 50.1% in Auto Trader Holding Limited (formerly Auto Trader Group Limited) to Crystal A Holdco S.à r.l., Crystal B Holdco S.à r.l. and Ed Williams.

Prior to 24 March 2015 the shareholder companies had made loans to and held preference shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited). Ed Williams and Chip Perry, Directors of Auto Trader Holding Limited (formerly Auto Trader Group Limited), had also issued Shareholder Loan Notes to and held preference shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited).

On 24 March 2015, as part of the overall restructuring of the Group, the Shareholder Loan Notes and related accrued interest, preference shares, preference share premium and accrued dividends were converted into share capital of Auto Trader Holding Limited (formerly Auto Trader Group Limited). On 24 March 2015 all shares in Auto Trader Holding Limited (formerly Auto Trader Group Limited) were exchanged for shares in Auto Trader Group plc via a share-for-share exchange.

The balances at the end of the period including accrued interest, dividends payable on these debt and equity instruments and the premium on the preference shares are disclosed below:

	2015 £m	2014 £m
Shareholder loans and accrued interest		
GMG (TMG) Limited	–	–
Crystal A Holdco S.à r.l.	–	(49.2)
Crystal B Holdco S.à r.l.	–	(80.3)
Ed Williams	–	(0.4)
Chip Perry	–	–
Preference shares, premium and accrued dividends		
GMG (TMG) Limited	–	–
Crystal A Holdco S.à r.l.	–	(92.3)
Crystal B Holdco S.à r.l.	–	(148.0)
Ed Williams	–	(0.7)
Chip Perry	–	–
Interest charged to the Income Statement		
GMG (TMG) Limited	–	(26.1)
Crystal A Holdco S.à r.l.	**(4.9)**	(10.3)
Crystal B Holdco S.à r.l.	**(8.0)**	(16.7)
Ed Williams	–	(0.1)
Chip Perry	–	–

The annual interest accrued on the Shareholder Loan Notes has been rolled into the principal each year since issue (note 19). Interest accrued on Shareholder Loan Notes was rolled up into the principal on 24 March 2015 prior to the Group restructure.

On 28 February 2014, repayments of Shareholder Loan Notes and accrued interest were made to the value of £186.5m to Crystal A Holdco S.à r.l., £304.2m to Crystal B Holdco S.à r.l. and £0.2m to Ed Williams.

During the year ended 31 March 2015 additional loans of £15.7m (31 March 2014: £5.2m) were made to Crystal B Holdco S.à r.l. These loans are unsecured, non-interest bearing and repayable on demand. The total loan balance of £20.9 million was waived and released as payment for the repurchase of A ordinary shares during the year (note 24).

During the year ended 31 March 2015 a subsidiary undertaking, Auto Trader Holding Limited (formerly Auto Trader Group Limited), made loans of £1.4m and £2.2m to Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. respectively. These loans are unsecured, non-interest bearing and repayable on demand. On 6 March 2015 the loans were settled through the issue of a dividend in kind.

Apax Europe VIII GP Co. Limited, a fund advised by Apax Partners LLP, received £0.1m for the provision of Directors' services to the Group during the year (31 March 2014: £0.1m). The balance outstanding at the end of the year was £Nil (31 March 2014: £Nil).

Prior to 24 March 2015 funds advised by Apax Partners LLP held £15.0m of the former Junior Debt. The fund receives interest and is subject to the same terms of the existing GSMP Junior Debt Agreement as all other syndicate members (note 19).

29 Related party transactions continued

In the year ended 31 March 2015 certain Group companies have traded with companies in which the funds advised by Apax Partners LLP have an interest. Trading was in the normal course of operations and on an arm's length basis. Transactions during the year and balances outstanding at each year end are as follows:

	2015 £m	2014 £m
Funds advised by Apax		
Recharges of costs	**(0.1)**	(0.1)
Net balance outstanding at the period end	**–**	–

Transactions with Directors and key management

Loans made on an arm's length basis in a previous year to certain members of key management were fully repaid in the year. The balance outstanding at 31 March 2015 was £Nil (2014: £13,551).

At 31 March 2015 Directors and key management of Auto Trader Group plc control 6.94% of the voting shares of the Company. At 31 March 2014, Directors and key management of Auto Trader Holding Limited (formerly Auto Trader Group Limited) controlled 14.52% of that company's voting shares.

On 4 July 2014 Auto Trader Holding Limited (formerly Auto Trader Group Limited) gifted 19,838 E ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid up in cash by a third-party individual.

On the same day the following shares were issued to certain Directors and members of key management for aggregate cash consideration of:

	Number of shares	Aggregate cash consideration £
E ordinary shares of £0.001 each	11,073	465,665
A2 ordinary shares of £0.001 each	191	8,032
A2 Preferred ordinary shares of £0.001 each	15,891	668,282
F ordinary shares of £700 each	5	3,500

On 25 February 2015 Auto Trader Holding Limited (formerly Auto Trader Group Limited) gifted 196 E ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid up in cash.

On 25 February 2015 Auto Trader Holding Limited (formerly Auto Trader Group Limited) issued 398 E ordinary shares of £0.001 each to certain Directors and members of key management for cash consideration of £16,738. The nominal value of these shares of £0.40 was fully paid up in cash.

On 24 March 2015 all Directors and key management exchanged their shareholding in Auto Trader Holding Limited (formerly Auto Trader Group Limited) for shares in Auto Trader Group plc.

30 Subsequent events

Since the balance sheet date the following events have taken place:

> On 21 April 2015 the Company issued 1,051,699 ordinary shares of £1.50 each, at par, with each share carrying the right to one vote. These shares have been issued and allotted in connection with the Auto Trader Group plc Share Incentive Plan. The shares rank pari passu with the existing ordinary shares of the company.

> On 13 May 2015 the Company repaid £20.0m of the Syndicated Term Loan.

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

Report on the parent company financial statements

Our opinion

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

> give a true and fair view of the state of the parent company's affairs as at 29 March 2015;

> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

> have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Auto Trader Group plc's financial statements comprise:

> the Company balance sheet as at 29 March 2015; and

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

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Other required reporting

Consistency of other information

Companies Act 2006 opinion

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

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)') we are required to report to you if, in our opinion, information in the Annual Report is:

> materially inconsistent with the information in the audited financial statements; or

> apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or

> otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

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

> we have not received all the information and explanations we require for our audit; or

> adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

> the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

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

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

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

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

> the overall presentation of the financial statements.

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

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

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

Other matter

We have reported separately on the group financial statements of Auto Trader Group plc for the year ended 29 March 2015.

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

19 June 2015

Company balance sheet

At 29 March 2015

	Note	2015 £m
Fixed assets		
Investments	3	**1,206.2**
		1,206.2
Current assets		
Debtors	4	**440.0**
Cash at bank and in hand		**9.5**
		449.5
Creditors: amounts falling due within one year	5	**(12.6)**
Net current assets		**436.9**
Total assets less current liabilities		**1,643.1**
Creditors: amounts falling due after more than one year		**–**
Net assets		**1,643.1**
Capital and reserves		
Called-up share capital	7	**1,500.0**
Share premium account	8	**144.4**
Profit and loss account	8	**(1.3)**
Total shareholders' funds		**1,643.1**

The financial statements from pages 109 to 112 were approved by the Board of Directors and authorised for issue.

Sean Glithero
Finance Director

19 June 2015

Auto Trader Group plc Registered number 09439967

Notes to the Company financial statements

1 Accounting policies

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company was incorporated on 13 February 2015 and, therefore, no comparative information is presented.

The principal accounting policies applied under UK GAAP are detailed below. They have all been applied consistently throughout the period.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (UK GAAP), under the historical cost convention. The financial information presented is at and for the 45 day period ended 29 March 2015. Financial period ends have been referred to as 31 March throughout the consolidated financial statements as per the Company's accounting reference date.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published consolidated financial statements of Auto Trader Group plc. The loss for the financial period dealt with in the financial statements of the parent company is £1.3m.

No cash flow statement has been included as the cash flows of the Company are included in the consolidated financial statements of Auto Trader Group plc which are publicly available. The consolidated financial statements of Auto Trader Group plc have been prepared in accordance with International Financial Reporting Standards.

The Directors have used the going concern principle on the basis that the current financial projections and facilities of the consolidated group will continue in operation for the foreseeable future.

Amounts paid to the Company's auditors in respect of the statutory audit were £50,000.

Investments in subsidiaries

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

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

Taxation and deferred taxation

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

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

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

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

Related party transactions

Under the provisions of FRS 8 Related party disclosures, the Company is exempt from the requirement to disclose details of related party transactions with entities that are part of Auto Trader Group plc group, or investees of the Auto Trader Group plc group.

2 Directors' emoluments

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 41 to 51.

3 Investments

	Investment in subsidiary undertakings £m
At beginning of the period	–
Additions	1,206.2
At end of the period	**1,206.2**

The investment made in the year relates to the capital re-organisation of the Group as disclosed in note 24 of the consolidated financial statements.

Subsidiary undertakings

At 31 March 2015 the principal trading and holding subsidiaries of the Group are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited (formerly Auto Trader Group Limited)	England and Wales	Financing company	Ordinary	100%	100%
Trader Media Group Holdings Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Media Group (2003) Limited	England and Wales	Holding company	Ordinary	–	100%
Trader Finance (2009) Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Corporation Limited	England and Wales	Financing company	Ordinary	–	100%
Trader Media Finance Limited	England and Wales	Financing company	Ordinary	–	100%
Auto Trader Limited (formerly Trader Publishing Limited)	England and Wales	Classified listings	Ordinary	–	100%
Webzone Limited	Republic of Ireland	Classified listings	Ordinary	–	100%

The Car Trader (Pty) Limited was sold on 9 October 2013.

4 Debtors

	2015 £m
Amounts owed by Group undertakings	**439.9**
Corporation tax receivable	**0.1**
	440.0

Amounts owed by Group undertakings are non-interest-bearing, unsecured and repayable on demand.

5 Creditors: amounts falling due within one year

	2015 £m
Amounts owed to Group undertakings	**3.6**
Accruals and deferred income	**9.0**
	12.6

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

6 Financial instruments and risk management

Financial instruments utilised by the Company during the period ended 31 March 2015, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current assets and liabilities

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

7 Called-up share capital

	2015	
	Number millions	**Amount £m**
Allotted, called-up and fully paid		
Ordinary shares of £1.50 each	**1,000**	**1,500**
	1,000	**1,500**

8 Reserves and movements in shareholders' funds

	Called-up share capital £m	Share premium account £m	Profit and loss account £m	Total £m
At beginning of the period	–	–	–	–
Issue of share capital	1,500.0	144.4	–	1,644.4
Loss for the financial period	–	–	(1.3)	(1.3)
At end of the period	**1,500.0**	**144.4**	**(1.3)**	**1,643.1**

9 Contingent liabilities and guarantees

The Company is a guarantor to a borrowing facility relating to a loan provided to a Group entity. The amount borrowed under this agreement at 31 March 2015 was £550.0m.

Shareholder information

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Web: www.capitaassetservices.com
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Financial calendar 2015-2016

Trading update	17 September 2015
Annual General Meeting	17 September 2015
Half-year results	13 November 2015
2016 Financial year end	27 March 2016
2016 Full-year results	June 2016

Shareholder enquiries
Our registrars will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively, if you have internet access, you can access www.capitashareportal.com where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries, amendment to address.

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

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

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