30 November 2016

ZPG DELIVERS RECORD REVENUES AND PROFITS

Full year results for the twelve months ended 30 September 2016

Zoopla Property Group Plc (LSE:ZPLA) ("ZPG" or the "Group"), owner of some of the UK's most trusted home-related digital platforms including Zoopla, uSwitch, PrimeLocation and Property Software Group, today announces its full year results for the twelve months ended 30 September 2016 (the "Period").

Summary Results

	2016	2015	YoY %
Revenue (£m)	**197.7**	107.6	*84*
Adjusted EBITDA[1] (£m)	**77.1**	48.7	*58*
Profit for the year (£m)	**36.7**	25.4	*44*
Net debt (£m)	**146.3**	93.2	*57*
Adjusted basic EPS[2] (pence per share)	**12.7**	8.4	*51*
Basic EPS (pence per share)	**8.9**	6.2	*44*
Proposed final dividend (pence per share)	**3.7**	2.5	*48*

Business highlights

- Revenue increase of 84% to £197.7 million and Adjusted EBITDA increase of 58% to £77.1 million
- Acquisition of Property Software Group creates UK's only end-to-end solution for property professionals
- Continued UK Agency partner growth up 5% (ex-Property Software Group) and listings inventory up 10%
- Total number of unique Property partners including Property Software Group at 23,101 at the end of the Period
- Outperformance in Comparison Services division with record levels of switching activity across every vertical
- Strong traffic with over 600m visits to the Group's websites and mobile apps, of which 68% via mobile
- Over 23m leads generated during the Period for Property partners including 350,000 property appraisal leads
- Comparison leads up 22% over same period last year to 30.3m, helping consumers save over £320m
- Invested in and partnered with a number of leading and innovative sector relevant tech start-ups
- Developed market-leading new products for consumers and partners such as Running Costs and MoveIT
- Relocated into our new Group headquarters bringing all our London-based teams together under one roof
- Proposed final dividend of 3.7p per share, bringing total dividend for the Period to 5.2 pence per share
- Since the end of the Period the Group has:
    - Acquired leading cloud-based estate agency website design business, Technicweb
    - Invested in and signed partnership with connected home insurance provider, Neos

Commenting on today's announcement Alex Chesterman, Founder & CEO of ZPG said:

"The Group has had another very successful year and we are stronger and more diversified than ever. We delivered record revenues and Adjusted EBITDA of £197.7million and £77.1million respectively and continued to grow our huge and highly engaged consumer audience with over 600m visits to our websites and apps during the year. We continue to lead innovation in the property and comparison markets as we work towards fulfilling our mission of providing the most useful resources for consumers when finding, moving and managing their home and being the most effective partner for related businesses.

"Our Property Services division has traded in line with management expectations with ARPA[3] growth across every vertical and we have now seen 18 consecutive months of UK Agency partner growth. The acquisition of Property Software Group has been transformational, allowing us to offer the UK's only end-to-end solution for property professionals including software, workflow, CRM and marketing tools. As a Group, we now have significant cross-sell opportunities with over 23,000 unique Property partners taking at least of one of our services.

"Our Comparison Services division has performed very strongly with record levels of switching activity and leads in every vertical helping consumers find the best deals and save over £320m off their energy bills alone during the Period.

"We generated over 53m leads across the Group for our partners during the year, helping them to win more business and operate more efficiently. We have launched a number of new market-leading products as well as investing and partnering with some of the most innovative and relevant technology startups to further enhance and differentiate our proposition.

We are also pleased to announce today the acquisition of Technicweb, one of the UK's leading estate agency website design and hosting businesses as well as our investment in and strategic partnership with Neos, the UK's first connected home insurance provider."

Outlook

ZPG has had a good start to the new financial year across both divisions.

In our Property Services division, the Group's compelling and unique proposition which helps property professionals to manage, market and maximise their business, continues to resonate. Management is encouraged by the continued trend in UK Agency partner growth, with over 600 branches having now returned over the past 18 months.

The Comparison Services division has performed well, as expected, since the end of the Period as consumers increasingly become aware of the benefits of switching.

The Group will continue to invest across the business and develop further products in line with our vision to be *the consumer champion at the heart of the home*. Although it is early in the year, Management remains comfortable with market expectations[4] for the 2017 financial year. Our next trading update will be on 2 February 2017, the day of our AGM.

-ENDS-

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A webcast of the management team presentation to analysts and investors will be made available at www.zpg.co.uk at 09.00am this morning and registration can be accessed here. An audio dial-in will also be made available:
UK Toll Number: 0203 003 2666
UK Toll-Free Number: 0808 109 0700
United States Toll-Free Number: 1866 966 5335
United States Toll Number: 1 646 843 4608
Participant pin: 76156743#

1. Adjusted EBITDA is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items.
2. Adjusted basic EPS is calculated as profit for the year excluding exceptional items and amortisation of intangibles arising on acquisitions, adjusted for tax and divided by the weighted average number of shares in issue for the Period.
3. ARPA (Average revenue per advertiser) represents revenue from property portal advertising services from the Group's Property partners in a given month divided by the total number of Property partners during the month, measured as a monthly average over the period.
4. As at 29 November 2016, market expectations for Group FY17 Revenue and EBITDA were £219.2m and £85.8m, respectively (Source: Bloomberg).

Cautionary Statement

This document contains forward-looking statements. These forward-looking statements include matters that are not historical facts. Statements containing the words "believe", "expect", "intend", "may", "estimate" or, in each case, their negative and words of similar meaning are forward-looking. By their nature, forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group's actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group's financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important facts that could cause the Group's actual results of operations, financial condition or cash flows, or the development of the industry in which we operate, to differ from current expectations include those principal risks and uncertainties disclosed below. As a consequence, the Group's future financial condition, results of operations and cash flows, as well as the development of the industry in which we operate, may differ from those expressed in any forward-looking statements made by us or on the Group's behalf.

About Zoopla Property Group (www.zpg.co.uk)

Zoopla Property Group Plc (LSE:ZPLA) (ZPG) owns and operates some of the UK's most trusted and effective home-related digital platforms including Zoopla, uSwitch, PrimeLocation and Property Software Group. Our mission is to provide the most useful resources for consumers when finding, moving or managing their home and be the most effective partner for related businesses.

We help consumers understand the property and home services comparison markets and make smarter decisions, whilst helping professionals to win more business and operate more effectively. The Group benefits from its multi-brand, multi-channel approach and each of our brands has a distinct market position with an unrivalled proposition. Our websites and mobile apps attract over 50 million visits per month.

Zoopla is the UK's most comprehensive property website, helping consumers to research the market and find their next home by combining hundreds of thousands of property listings with market data and local information.

uSwitch is the UK's leading comparison website for home services switching, helping consumers to find the best deal and save money on their gas, electricity, broadband, TV, phone and personal finance products.

PrimeLocation is one of the UK's leading property websites, helping house-hunters in the middle and upper tiers of the market explore and find their dream home from the top estate and letting agents.

Property Software Group is the UK's largest supplier of software and workflow solutions to the property industry with a portfolio of brands including Alto, Jupix, CFP, Vebra, Core, Encore, MyPropertyFile and MoveIT.

Zoopla Property Group Plc was founded in 2007 and has a highly experienced management team, led by Founder & CEO, Alex Chesterman OBE.

Business Review

2016 has been another very successful year for ZPG as we remain focused on being the consumer champion at the heart of the home. We continued to lead innovation in the digital property and comparison markets and the Group is now stronger and more diversified than ever, delivering Revenue and Adjusted EBITDA of £197.7 million and £77.1 million respectively during the Period.

Executing on our strategy & vision

At the time of both the uSwitch and Property Software Group acquisitions we talked about being on a multi-year journey to create the best fully-integrated products in the market by refining and enhancing the experience for both our consumers and partners. Doing so allows us to maximise the opportunity we have to fulfil our mission of providing the most useful resources for consumers when finding, moving or managing their home and being the most effective partner for related businesses.

This year we continued to invest in marketing our brands and developing our products. We created a series of new national advertising campaigns for each of our consumer brands - Zoopla, uSwitch and PrimeLocation - resulting in record levels of brand awareness. We launched our innovative 'Running Costs' tool on the Zoopla website, giving consumers an idea of the total occupancy costs for any property including likely mortgage or rental payments, energy costs, water bills, insurance and council tax charges. We saw strong take-up of the Group's award-winning AdReach product, which helps partners engage directly with their target audience and win more business.

We have grown our huge and highly engaged consumer audience, with over 600 million visits to our websites and apps during the Period, delivering incredible value to our partners by generating over 53 million leads for them during the year. And we have seen strong mobile growth, having relaunched both the Zoopla and uSwitch apps, with 68% of our traffic during the year coming via a mobile device as consumers engaged with our platforms at home, at work and on the move.

The Group also made investments and developed exclusive strategic partnerships with some of the UK's most-promising and innovative technology start-ups - PropertyDetective, Landbay and Trussle - to further differentiate and enhance our consumer and partner propositions. As a result, we have now launched individual 'Property Reports' for every home in the UK, a unique feature where prospective buyers can get a 'Mortgage in Principle' in under 5 minutes and a new 'Invest' channel where anyone can now invest from as little as £100 into the UK residential property market.

Acquisition of Property Software Group

In April, we acquired Property Software Group, the UK's market-leading provider of software and workflow solutions to property professionals, used in over 8,000 offices. This acquisition is a core part of ZPG's mission and enables the Group to now provide the UK property industry's first end-to-end solution including software and CRM, digital marketing and market insight tools as well as further revenue opportunities for our Property partners. It is a key step for the Group and ensures that we remain the most-valued partner for UK property professionals to help them market their inventory, manage their business and maximise their revenues.

Capital Markets Day

We held our first Capital Markets Day in September, which allowed us to provide deeper insight into our vision and strategy and the scale of the opportunity that exists throughout the property journey. As part of the day, we unveiled our updated key performance indicators ('KPIs') to reflect the evolution of the business following our recent acquisitions and our bundled property proposition. Full KPIs under the updated methodology for the Group including pro forma comparators for the same period last year can be found at the end of this release.

Property Services

Revenues in our Property Services division were £86.7 million for the year, including £7.3 million of revenue from five months of trading from Property Software Group. Our audience remains highly engaged with over 45 million visits per month to our property platform, up 2% year-on-year (YoY), delivering over 23 million leads to our Property partners over the Period.

On a like for like basis the total number of unique Property partners increased by 6% over the past year to 23,101. We saw the number of UK Agency partners advertising on our portals grow during every month of financial year 2016, ending the Period up 5% at 13,373 in addition to 2,610 New Homes developments, 1,074 Overseas agents, 415 Commercial agents and 5,003 software only partners. The remaining 626 arise as a result of aligning the calculation method for hybrids with our peers. Our inventory grew 10% to over 927,000 listings at the end of the Period.

On a like for like basis including Property Software Group, combined ARPP was £328, up 1% on the same Period last year. Excluding Property Software Group, ARPA increased across every vertical as the Group's Property partners continued to advertise their brands and market their inventory on our platform. UK Agency ARPA grew by 2% to £365, reflecting the Group's pragmatic approach to pricing during the Period. ARPA in New Homes grew by 13% to £377, as demand from New Homes Developers for the Group's targeted email campaigns continued. Overseas and Commercial ARPA grew by 1% to £150 and 21% to £129 respectively as we focused on growing the number of partners and inventory.

As outlined at the Capital Markets Day, the Group will report its total number of unique Property partners and Average Revenue Per Partner (ARPP) from financial year 2017 onwards. For reference under the updated KPI structure, the Group had a total of 23,101 unique Property partners and blended ARPP was £328 as at the end of the Period, reflecting the mix effect from five months of ownership of Property Software Group.

Comparison Services

Our Comparison Services division outperformed expectations this year with consumer adoption of comparison websites continuing to grow as the benefits of switching become increasingly clear. We experienced record levels of switching across every vertical with revenues in the division at £111.0 million, up 38% compared to the same twelve-month period last year, whilst helping consumers switch and save over £320 million off their energy bills alone.

As outlined in our half year results, the Comparison Services division had an exceptionally strong first six months with record switching volumes in both the Energy and Communications verticals as a result of our market-leading collective switch, energy supplier price cuts and a highly-competitive environment for broadband deals. We have seen these tailwinds continue in the second half driving further outperformance as outlined below.

The performance in the Energy vertical was exceptionally strong during the Period, driven by competitive supplier pricing, our market-leading collective and exclusive deals and continued regulatory support for comparison websites. In June 2016, the CMA concluded its energy market investigation setting out a wide range of reforms to modernise the market which specifically enable comparison websites to play a more active role in helping consumers to find the best deals and to save money off their household bills.

The Communications vertical also performed strongly, driven by highly competitive deals and consumer demand to switch to the best broadband and TV packages. We continued to develop our Financial Services offering with good progress in areas such as credit cards and banking as a result of the Group's targeted approach to launching into new verticals.

The number of Comparison Services leads generated during the year increased to over 30 million, up 22% compared to the same twelve-month period last year. The increase in ARPL to £3.67, compared to £3.23 for the same twelve-month period last year, was driven by the significant outperformance in the Energy vertical.

Looking Ahead

Since the end of the Period, the Group has announced further progress in differentiating its proposition for both consumers and partners with the acquisition of Technicweb, one of the UK's leading cloud-based estate agency website design and hosting businesses as well as an investment in and an exclusive strategic partnership with Neos, a leading smart home-insurance provider.

We are incredibly excited by the scale of the opportunity to help both consumers and partners throughout the property lifecycle and will continue to invest, integrate and innovate in product development and audience engagement to make the most of this opportunity across the different divisions of our business.

Finally, we will continue to work hard to attract and retain the passion and talent we have within the business as we grow. We have grown to 735 team members and have now moved all our London-based staff into one Group headquarters, providing them with a world-class working environment. I would like to welcome Andy Botha and Mark Goddard and the whole Property Software Group team to ZPG. I would also like to thank the Executive Management team and their respective team members for their ongoing hard work, dedication and commitment to our mission.

Alex Chesterman OBE
Founder & Chief Executive Officer

Finance Review

Revenue increased by 84% to £197.7 million and Adjusted EBITDA increased by 58% to £77.1 million compared to the same period last year. The increase was partly a result of the inclusion of twelve months of trading in the Comparison Services division and five months of trading from Property Software Group, which we acquired in April 2016. The Comparison Services division performed ahead of expectations with record switching levels across every vertical and the Property Services division performed in line with expectations, with continued growth in the number of UK Agency partners over the Period.

Statutory profit for the year and statutory basic EPS also increased significantly by 44% to £36.7 million and 44% to 8.9p, respectively. When reviewing performance the Directors use a number of adjusted measures, including Adjusted EBITDA and Adjusted basic EPS, as they believe these give a more relevant indicator of the Group's underlying performance. These measures are reconciled in the Summary Income Statement below.

During the Period, the Group secured a £50 million extension to its revolving credit facility, which was used to help fund the acquisition of Property Software Group. As at 30 September 2016, the Group had net debt of £146.3 million and substantial headroom against its covenants.

The Group maintains a target dividend pay-out ratio of 35-45% of profits excluding share-based payments and exceptional items and the Directors have proposed a final dividend of 3.7 pence per share. This, together with the interim dividend of 1.5 pence per share, brings the total dividend to 5.2 pence per share for the Period.

Summary Income Statement

£m	**2016**	**2015**	***YoY %***
Revenue	**197.7**	107.6	*84*
Operating costs	(120.6)	(58.9)	*105*
Adjusted EBITDA	**77.1**	48.7	*58*
Share-based payments	(4.8)	(1.9)	*153*
Depreciation	(1.7)	(0.4)	*325*
Amortisation of other intangibles	(2.0)	(1.6)	*25*
Amortisation of intangible assets arising on acquisitions	(7.5)	(2.0)	*275*
Exceptional items	(11.4)	(8.2)	*39*
Operating profit	**49.7**	34.6	*44*
Net finance costs	(3.5)	(1.0)	*250*
Profit before tax	**46.2**	33.6	*38*
Income tax expense	(9.5)	(8.2)	*16*
Profit for the year	**36.7**	25.4	*44*
Amortisation of intangible assets arising on acquisitions	7.5	2.0	*275*
Exceptional items	11.4	8.2	*39*
Adjustment for tax	(3.2)	(0.8)	*300*
Adjusted profit for the year	**52.4**	34.8	*51*
Adjusted earnings per share:			
Adjusted basic earnings per share (pence per share)	**12.7**	8.4	*51*
Adjusted diluted earnings per share (pence per share)	**12.5**	8.3	*51*

Revenue

£m	2016	2015[2]	YoY %
Property Services:			
UK Agency[1]	**64.3**	58.3	*10*
New Homes	**11.7**	11.0	*6*
Other	**10.7**	10.6	*2*
Property Services Revenue	**86.7**	79.9	*9*
Comparison Services:			
Energy	**52.7**	11.6	*354*
Communications	**44.1**	13.3	*232*
Other	**14.2**	2.8	*407*
Comparison Services Revenue	**111.0**	27.7	*301*
Group Revenue	**197.7**	107.6	*84*

[1]UK Agency includes five months of trading from Property Software Group
[2]2015 Comparison Services Revenue represents four months trading from uSwitch (acquired on 1 June 2015).

The Property Services division generated £86.7 million of revenue, up 9% on the same period last year. UK Agency revenue, which includes £7.3 million of revenue from five months of trading from Property Software Group, was up 10% at £64.3 million. Excluding Property Software Group, UK Agency revenue generated £57.0 million of revenue (FY15: £58.3 million) against tough comparators from the same period last year, when the Group experienced significant UK Agency churn related to Agents' Mutual part way through the period. After adjusting for both the contribution from Property Software Group and for revenue generated from agents who churned part way through 2015, underlying UK Agency revenue was up c.5%. New Homes revenue increased 6%, driven by demand for targeted email campaigns with Other revenue, which includes revenue from advertising, marketing services, data sales, overseas and commercial property, continuing to perform in line with expectations.

The Comparison Services division generated £111.0 million of revenue and performed ahead of expectations across every vertical. As a reminder, the prior year comparator includes four months of Comparison Services trading as the business was acquired part way through 2015.

Operating costs

Operating costs increased by 105% to £120.6 million, largely attributable to the incorporation of twelve months of trading from the Comparison Services division and five months of trading from Property Software Group.

Property Services costs were £48.2 million, comprising Staff costs of £22.6 million and Other Costs of £25.6 million. The increase in both Staff and Other costs arose from the incorporation of five months of costs from Property Software Group and our ongoing investment in people, technology and marketing. In the second half of the year, the Group strategically stepped up its investment in above-the-line brand building activities, which resulted in Zoopla achieving a record level of national awareness and becoming the leading UK property portal with prompted brand awareness of 90%. (Source: Harris Interactive, September 2016).

Comparison Services costs were £72.4 million, comprising Staff costs of £12.6 million and Other costs of £59.8 million. The Group invests in helping consumers find the best deals by constantly optimising consumer experience, which in turn drives conversion and generates greater exposure for our Comparison partners. On a like-for-like basis, Other costs trended upwards in line with revenue growth as a result of Group's strength in performance-based marketing. The Group also increased its above-the-line marketing of the uSwitch brand to help educate consumers about the benefits of switching and to further grow our brand awareness.

Adjusted EBITDA

Adjusted EBITDA increased by 58% from £48.7 million to £77.1 million compared to the prior year. Property Services Adjusted EBITDA decreased slightly to £38.5 million reflecting the Group's additional strategic investment in marketing in H2 2016 and tough comparators against the same period last year as outlined above. Property Services delivered a margin of 44% for the Period, lower than the previous year due to the mix effect of incorporating five months of Property Software Group. The Comparison Services division generated £38.6 million of Adjusted EBITDA, at an increased margin of 35%, as a result of the exceptionally strong performance in the Energy vertical. Group margins reduced to 39% due to the mix effect from incorporating a full year's trading from the Comparison Services division and five months of trading from Property Software Group.

Share-based payments

The share-based payments charge increased from £1.9 million to £4.8 million as a result of providing for financial year 2016 grants under the Group's LTIP and deferred bonus schemes and the first year of the VCP scheme for the CEO. As expected this charge will increase in financial year 2017, in line with 2017 grants for the LTIP and deferred bonus schemes.

Depreciation

Depreciation increased to £1.7 million due to a write-down of leasehold improvements recognised as part of the Group's relocation to a new headquarters. Underlying depreciation will increase in financial year 2017 as we see a full year of depreciation charge on costs associated with the Group's new headquarters.

Amortisation

The Group splits out amortisation of intangibles arising on acquisitions and amortisation of other intangibles for the purposes of calculating Adjusted basic EPS. Amortisation of acquired intangibles increased to £7.5 million as a result of a full year's amortisation charge arising on the acquisition of uSwitch and five months charge of amortisation arising on the acquisition of Property Software Group. The Group's amortisation of acquired intangibles charge will increase in financial year 2017 to reflect the valuation of Property Software Group and a full year's impact of its respective charge.

Amortisation of other intangibles increased to £2.0 million reflecting the Group's capital expenditure on building integrated projects and products such as the 'Running Costs' tool as outlined in the Business Review.

Exceptional items

Exceptional items include costs that Management believe to be exceptional in nature by virtue of their size or incidence. Total exceptional items of £11.4 million in 2016 represent costs relating to the Property Software Group acquisition in addition to deferred costs relating to the uSwitch acquisition.

Net finance costs

The Group incurred net finance costs of £3.5 million during the Period. The increased charge reflects the drawdown of debt via the Group's revolving credit facility to help fund the acquisition of Property Software Group.

Income tax expense

The Group's income tax charge was £9.5 million representing an effective income tax rate of 20.5%. This is higher than the statutory tax rate of 20.0% due to non-deductible transaction costs and management deferred and contingent consideration expenses arising on acquisitions. This was offset by the revaluation of deferred tax assets and liabilities as a result of the anticipated reduction in the rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020.

Profit for the year

Adjusted profit for the year, calculated as profit for the year after adding back exceptional items and amortisation of intangible assets arising on acquisitions adjusted for tax, increased by 51% to £52.4 million. Statutory profit increased by 44% to £36.7 million.

Earnings per share (EPS)

Adjusted basic EPS, which strips out the impact of exceptional items and amortisation of intangible assets arising on acquisitions, increased by 51% to 12.7p. Statutory basic EPS grew by 44% to 8.9p.

Summary statement of financial position

£m	2016	2015
Goodwill and intangibles	**322.6**	253.7
Available for sale financial assets	**0.7**	-
Property, plant and equipment	**6.4**	1.9
Cash and cash equivalents	**3.4**	19.2
Working capital[1]	**7.4**	7.9
Loans and borrowings	**(149.7)**	(112.4)
Deferred and contingent consideration[2]	**(30.7)**	(38.1)
Provisions[2]	**(2.7)**	(0.8)
Tax assets and liabilities[2]	**(15.2)**	(14.2)
Net assets	**142.2**	117.2

The Group was in a strong financial position as at 30 September 2016 with net assets of £142.2 million. Intangible assets increased to £322.6 million reflecting acquired intangibles as a result of the Property Software Group acquisition. The increase in property, plant and equipment to £6.4 million reflects the Group's investment in a new headquarters as outlined in the Business Review. The Group recognised a liability of £30.7 million for deferred and contingent consideration payable as a result of the Group's acquisitions.

Net debt position

£m	2016	2015
Total loans and borrowings	**(149.7)**	(112.4)
Cash and cash equivalents	**3.4**	19.2
Net (debt)/cash	**(146.3)**	(93.2)

As at 30 September 2016 the Group had net debt of £146.3 million including loans and borrowings of £149.7 million. The overall increase in net debt can be attributed to the acquisition of Property Software Group in April 2016 and the payment of the deferred consideration relating to the uSwitch acquisition and deal-related earnout in the second half of 2016.

Summary statement of cash flows

£m	2016	2015
Net cash flows from operating activities	**62.1**	39.1
Cash flows (used in)/from investing activities:		
Acquisitions and investments	**(88.6)**	(153.5)
Interest income received	**0.1**	0.2
Capital expenditure	**(6.5)**	(0.8)
Net cash used in investing activities	**(95.0)**	(154.1)
Proceeds on issue of debt, net of issue costs	**89.4**	123.3
Repayment of debt	**(52.5)**	(11.0)
Interest paid	**(3.0)**	(0.8)
Treasury shares purchased	**(0.4)**	-
Shares released from trust	**0.2**	0.4
Dividends paid	**(16.6)**	(8.7)
Net cash flows from financing activities	**17.1**	103.2
Net decrease in cash and cash equivalents	**(15.8)**	(11.8)
Cash and cash equivalents at end of the period	**3.4**	19.2

[1] Working capital is defined as both current and non-current, trade and other receivables less trade and other payables
[2] Includes both current and non-current balances

The Group continues to be highly cash generative with net cash inflows from operating activities of £62.1 million during the Period. This 59% increase, compared to the same period last year, is largely due to the incorporation of twelve months of trading in the Comparison Services division. The Group had a net outflow of £88.6 million relating to the cash costs of the acquisition of Property Software Group and deferred consideration relating to the uSwitch acquisition.

Dividends

The Group maintains a target dividend pay-out ratio of 35-45% of profits excluding share-based payments and exceptional items based on the strong cash generation and long-term earnings potential of the Group. The Directors have proposed a final dividend of 3.7 pence per share, bringing total dividends for the Period to 5.2 pence per share. Subject to shareholder approval at the 2017 Annual General Meeting, this will be paid on 9 February 2017 to those shareholders on the share register as at 16 December 2016.

Appendix 1: Group proforma KPIs

As outlined at ZPG's Capital Markets Day in September, the Group has updated its key performance indicators ('KPIs') to reflect the evolution of the business following our acquisitions and our new bundled property proposition.

The table below shows how the Group will disclose its KPIs from financial year 2017 onwards. The figures below are for the twelve-month periods to 30 September 2016 and 30 September 2015. Each period includes a full year's trading in the Comparison Services division and Property Software Group in order to give a more meaningful comparative.

Group (£m)	**2016[1]**	**2015[1]**	***YoY%***
Property Services Revenue	**96.4**	94.6	*2*
Comparison Services Revenue	**111.0**	80.2	*38*
Revenue	**207.4**	174.8	*19*
Staff costs	**39.8**	35.2	*13*
Marketing costs	**70.8**	58.7	*21*
Other costs[2]	**16.6**	13.8	*20*
Total Operating costs	**127.2**	107.7	*18*
Adjusted EBITDA[3]	**80.2**	67.1	*20*
KPIs			
Visits[4] (million per month)	**50.4**	49.1	*3*
FTEs[5]	**735**	654	*12*
Divisional KPIs			
Property Services:			
Agency[6] (£m)	**76.0**	74.4	*2*
New Homes (£m)	**11.8**	11.0	*7*
Other[7] (£m)	**8.6**	9.2	*-7*
Property Services Revenue (£m)	**96.4**	94.6	*2*
Property Services Operating costs (£m)	**54.8**	49.9	*10*
Property Services Adjusted EBITDA (£m)	**41.6**	44.7	*-7*
Blended ARPP (average revenue per partner) [8]	**328**	325	*1*
Total unique number of Property partners[9] (000s')	**23.1**	21.7	*6*
Comparison Services:			
Energy (£m)	**52.7**	36.0	*46*
Communications (£m)	**44.1**	34.9	*26*
Other[10](£m)	**14.2**	9.3	*53*
Comparison Services Revenue (£m)	**111.0**	80.2	*38*
Comparison Services Operating costs (£m)	**72.4**	57.8	*25*
Comparison Services Adjusted EBITDA (£m)	**38.6**	22.4	*72*
ARPL (average revenue per lead)[11]	**3.67**	3.23	*14*
Number of Comparison Services leads[12] (million)	**30.3**	24.8	*22*

[1]Financial year 2015 and 2016 pro forma figures include the following exceptional events: 1) UK Agency churn in H1 2015 which equated to £4.2m of Revenue and £4.2m of Adjusted EBITDA; and 2) Outperformance in the Comparison Services division in FY16 which equated to £15.0m of Revenue and £8.0m of Adjusted EBITDA
[2]Other Costs represents technology, property and administrative costs
[3]Adjusted EBITDA is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items.
[4]Visits comprise individual sessions on the Group's websites or mobile applications by users for the Period indicated as measured by Google Analytics
[5]FTEs is defined as the average number of full time equivalent employees across the Group
[6]Agency represents revenue generated from UK estate & lettings agents, overseas agents and commercial property agents
[7]Other represents revenue generated from advertising, marketing services, data sales
[8]ARPP (average revenue per partner) is defined as revenue generated from the Group's Property partners in a given month divided by the total number of Property partners during the month, measured as a monthly average over the Period.
[9]Total unique number of Property partners is defined as the total number of UK estate & lettings agency branches, new home developers, overseas and commercial agency branches paying subscription fees to for either advertising or software services
[10]Other represents revenue generated from financial services switching, boiler cover, business energy and data insight
[11]ARPL (average revenue per lead) is the revenue generated from energy switching, communications switching, financial services switching, boiler cover, business energy and data insight divided by the total number of Comparison Services leads during the month, measured as a monthly average over the period
[12]A Comparison Services lead is measured at the point when a consumer completes an application form hosted on the Group's website or at the point in time when the customer leaves the Group's website having clicked through to a third party website

Principal risks and uncertainties

Description	Impact	Management and mitigation	Movement
Changing online landscape and consumer trends The Group participates in fast-moving marketplaces which are subject to rapid technological development and changes in consumer trends which may impact the Group's ability to offer the best products and services to its partners and consumers.	The way in which consumers interact with businesses is evolving rapidly. There is a risk that consumer engagement and traffic may decline if the Group does not keep up with evolving consumer trends. Furthermore, the Group's partners are constantly developing their business models and the way in which they interact with consumers directly. Failure of the Group to adapt to meet the needs of its partners could lead to a fall in the number of partners and revenues. The Group is also subject to changes in policies set by search engine providers. Failure to keep pace with these changes may lead to the Group's websites receiving less exposure to consumers and result in a fall in visitor numbers.	• Increasing user engagement levels by continuing a consumer-centric approach to product development; • Regular open dialogue with our partners to ensure that we continually develop our products to meet their needs; • Continual optimisation of all our websites, and products across all platforms and devices; • Maintaining organisational flexibility, allowing fast responses to new business opportunities or threats; and • Monitoring and regularly reviewing search engine optimisation and digital marketing spend.	***Up***
Competitive environment The Group operates in marketplaces which are highly competitive. The actions of the Group's competitors can have a direct impact on the Group.	If competitors can provide, or are perceived to provide, an enhanced partner or consumer service then there is a risk to the Group's forecasted traffic, partner numbers, revenue and other KPIs. The Group invests significantly in marketing to build brand awareness and drive traffic to its websites. Increased digital marketing expenditure by competitors, or general price increases, may cause the Group to incur additional marketing spend to ensure that it can continue to compete effectively. There is the risk of competitors entering or targeting the Group's primary revenue markets and reducing the Group's relative market share. In addition, there is a risk that the Group may not be able to achieve significant traction in its nascent revenue channels due to the size, scale or market share of existing players in the market.	• Ensuring partners understand the value proposition of advertising on the Group's websites and the unique benefits of its recent acquisitions; • Offering attractive and competitive pricing packages to partners; • Continuing to develop and extend the Group's innovative product offering and improve the value provided for partners; • Developing and maintaining a number of strong consumer brands through marketing; • Continuous optimisation of our websites, software and the consumer and partner experience to maximise traffic and create a barrier to entry; and • Diversifying risk through multiple revenue streams.	***Flat***

Regulatory environment The Group operates in a number of regulated environments. Certain revenue streams within the Comparison Services businesses are regulated by the FCA. The Comparison Services division also voluntarily complies with the Ofgem Confidence Code and is involved in regular communication with Ofcom.	There is a risk that changes to the regulatory environment force the Group to revise its strategy, operations or business model. Changes in regulation may also impact the Group's profitability via increased compliance costs or a fall in revenues as a result of subsequent changes in consumer behaviour. Non-compliance with regulations set by a regulatory body, including data protection regulations, may also have both reputational and financial implications.	• Maintaining regular open and constructive dialogue with all significant regulatory bodies; • Implementing processes to ensure compliance with all mandatory reporting obligations; • Employing a dedicated Regulation and Compliance Manager; and • Regular monitoring of regulatory risks by the Board, Audit Committee, legal function and throughout the business.	***Up***
Reputational and brand damage The Group operates a number of identifiable and respected brands which could be damaged by factors such as unethical or unlawful activity, poor customer service or negative press.	Damage to any of the Group's brands could lead to a fall in consumer confidence, reducing traffic and leads for the Group's partners and in turn impacting the Group's revenue. There is also a risk that the Group's partners may choose to terminate their existing relationship with the Group as a result of any reputational damage which would directly impact the Group's revenues.	• Embedding a culture of transparency, social awareness and ethical behaviour throughout the Group; • Regularly reviewing the Group's risks and developing internal controls to mitigate the risk of error or fraud; • Executing the Group's strategy, which has both consumers and partners at its core; • Employing a dedicated public relations team; and • Continually investing in the Group's brands.	***Up***
IT systems and cyber-security A number of the Group's IT systems are interdependent and a failure in one system or a security breach may disrupt the efficiency and functioning of the Group's operations. The Group may also be subject to cyber-attacks. The Group holds consumer and Partner data which could be susceptible to loss or theft.	Any failure of the Group's IT infrastructure through error or attack could impair the operation of the Group's websites, the processing and storage of data and the day-to-day management of the Group's business. In addition, any theft or misuse of data held within the Group's databases could have both reputational and financial implications for the Group.	• Regularly testing the security of the IT systems and platforms including penetration testing and testing of DDoS attack procedures; • Maintaining separate platforms for the Property Services and Comparison Services businesses; • Restricting access to data, systems and code and ensuring all systems are secure and up to date; and • Providing training for staff on data protection and compliance and operating a Group-wide data policy.	***Flat***

Retention and recruitment Success depends on the continued service and performance of the Group's Executive Management Team and other key employees. Skilled development, technical, operating, sales and marketing personnel are also essential for the business to meet its strategic goals.	Competition for qualified talent is intense and an inability to attract highly skilled employees could adversely impact the Group's operations, financial condition or prospects. Similarly, an inability to motivate, develop and retain key team members could adversely impact the Group's operations, financial condition or prospects. The Group has a track record of growth through acquisition – integration of these diverse businesses could increase the risk of staff churn.	• Building a strong employee brand in the recruitment market, and building strong talent pipelines; • Operating a structured approach to recruitment using specialist teams to ensure timely recruitment of high quality employees; • Investing in succession planning and improving learning and development, giving opportunities for employees to upgrade skills; • Investment in a new head office and team environment; • Providing competitive reward and compensation packages to all staff, comprising a blend of short and long-term incentives for managers; and • Instilling the culture of the Group to build and maintain staff loyalty.	***Down***
Macroeconomic conditions The Group derives all its material revenues from markets within the UK. The Group is therefore dependent on the macroeconomic conditions in the UK and within each of its key markets. See separate section below on the result of the UK's EU referendum.	Changes in the UK economy could lead to changes in average property prices, the number of mortgage approvals and the volume of transactions in the UK housing market. Subsequently the marketing budgets of the Group's partners could decrease, which could reduce demand for the Group's services. The Group is also exposed to changes in consumer and partner behaviour and pricing driven by fluctuations within the energy, broadband and mobile markets, which could impact demand for the Group's services.	• Regularly reviewing market conditions and indicators; • Building consumer and partner brand loyalty; • Maintaining a flexible cost base that can respond to changing conditions; • Diversifying risk by maintaining a balance between different revenue streams, including diversification through the acquisition of uSwitch and Property Software Group, in order to provide protection against volatility within our different markets; • Developing revenue streams in other related/adjacent markets; • Communicating the effectiveness of digital media versus alternative mediums such as print; and • Promoting the benefit and potential savings for consumers of home services switching.	***Up***

Debt covenants and funding The Group holds external debt and therefore must ensure compliance with its covenant ratios. The Group also needs to ensure that it has the funding required to deliver on its strategy and future growth plans and that it manages its debt and cash balances effectively.	Failure of the Group to comply with its existing debt covenants may lead to a default on the Group's borrowings and a requirement for the Group to repay any amounts outstanding or to renegotiate the terms of its facility. The level of debt within the business and the covenants in place may also restrict the amount of funds available for future growth including M&A activity.	• Negotiating sufficient headroom within the Group's existing facility, including renegotiation on the acquisition of Property Software Group; • Consideration of current debt covenants embedded into budgeting and forecasting processes; • Regularly monitoring compliance with current debt covenants and available headroom; • Proactive cash management; and • Consideration of additional or alternative funding should significant opportunities for growth be identified.	***Down***
Integration of acquisitions The Group is highly acquisitive, including the acquisition of uSwitch in 2015 and Property Software Group in 2016. The integration of new businesses presents inherent operational, strategic and cultural challenges.	Failure to realise the Group's strategy to become the "consumer champion at the heart of the home" and in building an integrated and optimised consumer product offering may adversely affect the consumer experience with a resulting impact on the Group's future revenues. Similarly, failure to integrate the Group's partner offering, particularly considering the acquisition of Property Software Group, and leverage the Group's unique position could lead to a failure to generate synergies and future revenues. The challenges surrounding integrating different cultures and working practices could also impact team retention and performance.	• Executing the integration strategy and plan developed on acquisition; • Oversight of the enlarged Group by the Executive team to ensure harmonisation of strategy and objectives across the Group; • Experienced Management team in dealing with acquisitions; • Clear communication of the Group vision and strategy to align the team; • Harmonisation of benefits and practices across the group • Relocation of all London based staff to a single location to encourage greater integration; • Communicating the benefits of acquisitions to both partners and consumers; and • Forming functional teams across the Group where possible.	***Down***

The EU referendum

The result of the UK's EU referendum has increased the level of macroeconomic uncertainty and could increase the likelihood of the impacts outlined under 'macroeconomic conditions' above. During the year, the Group considered the impact of this result on the business and its potential implications. The Directors believe that the Group's multi-channel, multi-brand strategy creates a diverse revenue base which means it is well placed to minimise any negative impacts. In particular:

- The Property Services division is largely subscription based and is therefore less susceptible to short term shocks or variations in the property market or wider economy;
- A large proportion of our Property partners are engaged in both sales and lettings which reduces the risk of any downturn in the property market on their businesses;
- An economic downturn increases the propensity for consumers to search our Comparison platform for the best deals to save money on their household expenses;
- The Group has minimal exposure to foreign exchange although a weaker Pound may lead to higher price inflation in areas such as energy bills which may benefit our Comparison division; and
- The Group has external debt with a variable interest rate and therefore any decrease in interest rates should reduce the Group's finance costs.

Full year results

The financial information set out below has been taken from the consolidated financial statements of Zoopla Property Group Plc for the year ended 30 September 2016 which were approved by the Board of Directors on 29 November 2016. The financial information does not constitute statutory accounts within the meaning of sections 435(1) and (2) of the Companies Act 2006. The consolidated financial statements will be filed with the Registrar of Companies, subject to their approval by the Company‘s shareholders at the Company‘s Annual General Meeting on 2 February 2016. The Company's Annual Report for the year ended 30 September 2016 will be posted to shareholders, and will be made available on the Company's website, in December 2016.

Independent Auditors' report to the shareholders of Zoopla Property Group Plc on the preliminary announcement.

We confirm that we have issued an unqualified opinion on the full financial statements of Zoopla Property Group Plc.

Our audit report on the full financial statements sets out the following risks of material misstatement which had the greatest effect on our audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team, together with how our audit responded to those risks:

<table>
<tr><td colspan="2">Acquisition of Property Software Group – valuation of acquired intangible assets</td></tr>
<tr><td>Risk description</td><td>This is a new risk for 2016 following the acquisition of Property Software Group in the period. On 28 April 2016, the Group completed its previously announced acquisition of Property Software Group on a cash-free, debt-free basis.

The gross valuation of acquired intangible assets as part of the purchase price allocation ("PPA") exercise is reliant on management judgement, and hence there is a risk that if management use inappropriate methodologies or assumptions within the PPA exercise, that the intangible assets will not be stated within an acceptable range of valuations.

We have included the risk in our audit report due to the quantum of the balance, its highly judgemental nature, and the fact that it had a substantial impact on our overall audit strategy.

The purchase price was settled through consideration of £69.6 million, of which £22.2 million was paid in cash, £24.9 million was the repayment of external debt, and a further £22.5 million is deferred. An additional £5.7 million is payable to management shareholders as remuneration, contingent on them remaining in employment.

The excess of consideration over the fair value of net assets acquired has been recognised as intangible assets comprised of customer relationship intangibles of £20.5 million, brands of £2.2 million and goodwill of £47.2 million.

Refer to notes 1, 1.20 and 13 for the group accounting policy, management's consideration of critical accounting judgements and disclosure note respectively.</td></tr>
<tr><td>How the scope of our audit responded to the risk</td><td>Our procedures entailed:

i) Auditing the acquired statement of financial position prior to the purchase price allocation to gain assurance over the valuation of net assets acquired;
ii) Engaging our internal experts to review the methodologies employed, and challenge assumptions utilised by management in their valuation of acquired intangible assets with reference to third party data for comparable transactions and asset types;
iii) obtaining the underlying cash flow forecast calculations and challenging their reasonableness;
iv) Confirming that the useful economic lives allocated to each class of asset are appropriate based on their nature and Group accounting policies; and
v) Reviewing the associated disclosures within the financial statements to assess whether they are in accordance with IFRS 3.</td></tr>
<tr><td colspan="2">Revenue recognition in the Comparison Services division – Valuation of accrued income</td></tr>
<tr><td>Risk description</td><td>Comparison services revenue is accrued each month based upon the number of switches provided to suppliers, net of an estimated drop-out. At the period end there is a proportion of switches that has not been confirmed as having been completed and accepted by the third party provider. There is therefore a risk in respect the valuation of accrued revenue balance at year-end.

During 2016, management implemented a new system which has enabled more accurate matching of confirmations back to original switches and hence has enabled more accurate recognition of accrued income.

Refer to notes 1, 1.20 and 2 for the group accounting policy, management's consideration of critical accounting judgements and disclosure note respectively.</td></tr>
<tr><td>How the scope of our audit responded to the risk</td><td>Our procedures entailed:

i) Assessing management's processes and the design and implementation of controls in respect of the appropriate recognition of revenue, in particular the valuation of switches in line with contractual terms and the subsequent confirmation of switches through third party customer confirmations;
ii) Verifying that for a sample of customer contracts, that revenue had been appropriately recognised in line with the contractual terms and IAS 18;
iii) Analysing revenue streams to understand the drivers of fluctuations and obtain support for any</td></tr>
</table>

	unusual movements; and *iv) For a sample of suppliers for which there is accrued income at year end, obtaining post year-end confirmation of the balance from the relevant third party.*
Revenue recognition in the Property Services division – Completeness of agency subscription arrangements	
Risk description	Revenue in the property services division primarily consists of recurring subscription payments in return for property listings on the Group's websites. Individual contracts exist with each customer with a range of different terms and conditions, and as a result there are a significant number of agreements. Consequently there is a risk that customer subscription agreements may not be appropriately captured and accounted for in line with underlying contractual terms and hence the revenue population may not be complete. We have included the risk in our audit report due to the quantum of the balance and the fact that it had a substantial impact on our overall audit strategy. Refer to notes 1, 1.20 and 2 for the group accounting policy, management's consideration of critical accounting judgements and disclosure note respectively.
How the scope of our audit responded to the risk	*Our procedures entailed:* *i) Analysing revenue streams to understand the drivers of fluctuations including monthly partner numbers and the Average Revenue per Advertiser ("ARPA") trend, and obtaining support for any unusual movements;* *ii) Assessing management's processes and the design and implementation of controls in respect of the appropriate recognition of revenue, in particular the billing of customers in line with contractual terms;* *iii) Selecting a sample of estate agents, ascertaining whether they were a ZPG customer or not, and if so, obtaining the underlying contract to determine whether the information within the Customer Relationship Management system is accurate and hence the revenue population is complete; and* *iv) Verified information for a sample of customer contracts (or equivalent agreements) selected from the Customer Relationship Management system to subscription details, and then in turn back to the ledger to determine whether revenue has been appropriately recognised.*

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we did not provide a separate opinion on these matters.

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

Deloitte LLP

Chartered Accountants and Statutory Auditor

Statement of Directors' responsibilities

The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ended 30 September 2016. Certain parts thereof are not included within this Announcement.

The Directors confirm to the best of their knowledge that:

a) the Group consolidated financial statements from which the financial information within these preliminary consolidated financial results have been extracted, are prepared in accordance with IFRSs as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and

b) the Annual Report and the Business Review and Finance Review include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties faced by the Group.

The Directors of Zoopla Property Group Plc and their respective responsibilities are listed in the Annual Report for 2016. This responsibility statement was approved by the Board of Directors and is signed on its behalf by:

Alex Chesterman

Director
29 November 2016

Consolidated statement of comprehensive income

For the year ended 30 September 2016 from continuing operations

	Notes	2016 £000	2015 £000
Revenue		**197,728**	107,556
Administrative expenses		**(148,053)**	(72,994)
Adjusted EBITDA	3	**77,110**	48,694
Share-based payments	24	**(4,852)**	(1,873)
Depreciation and amortisation		**(11,179)**	(4,072)
Exceptional items	3	**(11,404)**	(8,187)
Operating profit	4	**49,675**	34,562
Finance income		**51**	184
Finance costs		**(3,564)**	(1,163)
Profit before tax		**46,162**	33,583
Income tax expense	9	**(9,484)**	(8,200)
Profit for the year being total comprehensive income		**36,678**	25,383
Attributable to			
Owners of the parent		**36,678**	25,383
Earnings per share			
Basic (pence)	11	**8.9**	6.2
Diluted (pence)	11	**8.8**	6.0

Consolidated statement of financial position

As at 30 September 2016

	Notes	**2016 £000**	2015 £000
Assets			
Non-current assets			
Intangible assets	14	**322,621**	253,674
Property, plant and equipment	15	**6,413**	1,930
Available for sale financial assets	16	**724**	—
Trade and other receivables	17	**3,262**	7,446
		333,020	263,050
Current assets			
Trade and other receivables	17	**36,615**	22,780
Cash and cash equivalents		**3,367**	19,199
		39,982	41,979
Total assets		**373,002**	305,029
Liabilities			
Current liabilities			
Trade and other payables	18	**32,522**	22,251
Current tax liabilities		**6,146**	4,990
Deferred and contingent consideration	19	**28,143**	35,393
Provisions	20	**1,304**	190
		68,115	62,824
Non-current liabilities			
Loans and borrowings	21	**149,696**	112,432
Deferred and contingent consideration	19	**2,533**	2,739
Provisions	20	**1,410**	609
Deferred tax liabilities	22	**9,021**	9,185
		162,660	124,965
Total liabilities		**230,775**	187,789
Net assets		**142,227**	117,240
Equity attributable to owners of the parent			
Share capital	23	**418**	418
Share premium reserve		**50**	50
Other reserves	23	**86,007**	87,101
Retained earnings		**55,752**	29,671
Total equity		**142,227**	117,240

The consolidated financial statements of Zoopla Property Group Plc were approved by the Board of Directors and were signed on its behalf by:

A Chesterman
Director
29 November 2016

A Botha
Director
29 November 2016

Consolidated statement of cash flows

For the year ended 30 September 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit before tax	**46,162**	33,583
Adjustments for:		
Depreciation of property, plant and equipment	**1,709**	415
Amortisation of intangible assets	**9,470**	3,657
Finance income	**(51)**	(184)
Finance costs	**3,564**	1,163
Share-based payments	**4,852**	1,873
Transaction costs on acquisitions	**1,256**	5,130
Movement in contingent and deferred consideration	**7,075**	2,142
Operating cash flow before changes in working capital	**74,037**	47,779
Increase in trade and other receivables	**(4,991)**	(428)
Increase/(decrease) in trade and other payables	**3,862**	(46)
Increase in provisions	**505**	30
Cash generated from operating activities	**73,413**	47,335
Income tax paid	**(11,290)**	(8,224)
Net cash flows from operating activities	**62,123**	39,111
Cash flows (used in)/from investing activities		
Acquisition of subsidiaries, net of cash acquired	**(48,381)**	(146,012)
Settlement of deferred and contingent consideration	**(37,042)**	—
Amounts paid into escrow in relation to deferred and contingent consideration	**(2,448)**	(7,436)
Acquisition of available for sale financial assets	**(979)**	—
Disposal of available for sale financial assets	**255**	—
Interest received	**51**	184
Acquisition of property, plant and equipment	**(3,980)**	(111)
Acquisition and development of intangible assets	**(2,561)**	(709)
Net cash flows used in investing activities	**(95,085)**	(154,084)
Cash flows from/(used in) financing activities		
Proceeds on issue of debt, net of issue costs	**89,358**	123,291
Repayment of debt	**(52,500)**	(11,000)
Interest paid	**(2,942)**	(780)
Treasury shares purchased	**(414)**	—
Shares released from trust	**182**	303
Dividends paid	**(16,554)**	(8,667)
Net cash flows from financing activities	**17,130**	103,147
Net decrease in cash and cash equivalents	**(15,832)**	(11,826)
Cash and cash equivalents at beginning of period	**19,199**	31,025
Cash and cash equivalents at end of period	**3,367**	19,199

Consolidated statement of changes in equity

For the year ended 30 September 2016

	Notes	Share capital £000	Share premium reserve £000	Other reserves: EBT share reserve £000	Other reserves: Merger reserve £000	Other reserves: Treasury shares £000	Retained earnings £000	Total equity £000
At 1 October 2015		418	50	(1,017)	88,118	—	29,671	117,240
Profit and total comprehensive income for the period		—	—	—	—	—	36,678	36,678
Transactions with owners recorded directly in equity:								
Share-based payments	24	—	—	—	—	—	3,990	3,990
Treasury shares purchased	23	—	—	—	—	(414)	—	(414)
Treasury shares released	23	—	—	—	—	56	(56)	—
Current tax on share-based payments	9	—	—	—	—	—	217	217
Deferred tax on share-based payments	9	—	—	—	—	—	888	888
Shares released from trust		—	—	249	—	—	(67)	182
Transfer between reserves[1]		—	—	—	(985)	—	985	—
Dividends paid	10	—	—	—	—	—	(16,554)	(16,554)
At 30 September 2016		**418**	**50**	**(768)**	**87,133**	**(358)**	**55,752**	**142,227**

	Notes	Share capital £000	Share premium reserve £000	Other reserves: EBT share reserve £000	Other reserves: Merger reserve £000	Other reserves: Treasury shares £000	Retained earnings £000	Total equity £000
At 1 October 2014		418	50	(1,566)	89,103	—	10,166	98,171
Profit and total comprehensive income for the period		—	—	—	—	—	25,383	25,383
Transactions with owners recorded directly in equity:								
Share-based payments	24	—	—	—	—	—	1,723	1,723
Current tax on share-based payments	9	—	—	—	—	—	565	565
Deferred tax on share-based payments	9	—	—	—	—	—	(238)	(238)
Shares released from trust		—	—	549	—	—	(246)	303
Transfer between reserves[1]		—	—	—	(985)	—	985	—
Dividends paid	10	—	—	—	—	—	(8,667)	(8,667)
At 30 September 2015		418	50	(1,017)	88,118	—	29,671	117,240

1 The transfer from merger reserve to retained earnings in 2016 and 2015 represents an equalisation adjustment in respect of the amortisation charge on intangibles which arose on acquisition of The Digital Property Group Limited on 31 May 2012.

Notes to the financial statements

1. Accounting policies

Zoopla Property Group Plc is a company domiciled and incorporated in the United Kingdom. The address of the registered office is The Cooperage, 5 Copper Row, London SE1 2LH.

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below for the years ended 30 September 2016 and 30 September 2015. The policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS"). They are prepared on the historical cost basis.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in applying the Group's accounting policies. Note 1.20 gives further details relating to the Group's critical accounting estimates.

At the date of approval, the following standards and interpretations which have not been applied in these financial statements were in issue but are only effective for financial years beginning on or after 1 January 2016:

- IFRS 9 – financial instruments – classification of financial assets and financial liabilities
- Amendments to IFRS 11 – accounting for acquisition of interests in joint operations
- Amendments to IAS 16 and IAS 38 – clarification of acceptable methods of depreciation and amortisation
- IFRS 15 – revenue from contracts with customers
- Amendments to IAS 27 – equity method in separate financial statements
- Improvements 2014 – annual improvements to IFRSs: 2012–2014
- Amendments to IFRS 10, IFRS 12 and IFRS 28 – investment entities: Applying the consolidation exception
- Amendments to IAS 1 – Disclosure initiative
- IFRS 16 – leases

IFRS 15 – revenue from contracts with customers is effective for the first time for the Group's financial year commencing 1 October 2018. The Group is currently in the process of assessing the full impact of IFRS 15. It is not currently practical to quantify the impact of this standard.

The impact of IFRS 16 – leases is to require the Group to record its current head office building and fleet of motor vehicles on the statement of financial position. These items are currently treated as operating expenses. The change in recognition is expected to increase future depreciation charges and lead to a reduction in operating expenses.

All other standards identified above are not expected to have a material impact on the financial statements.

1.2 Adoption of new and revised standards

These financial statements have been prepared in accordance with the policies set out in the Group's Annual Report for the year ended 30 September 2015. No new or revised accounting standards were adopted in the period.

1.3 Basis of consolidation

The consolidated financial statements incorporate the accounts of Zoopla Property Group Plc ("the Company") and entities controlled by the Company ("its subsidiaries") (together "the Group"). Control exists when the Group has existing rights to give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. The results of subsidiaries are included in the consolidated financial statements from the date control commences until the date when control ceases.

On 28 April 2016 the Group acquired Property Software Holdings Limited and its subsidiaries (together "Property Software Group") from which date the results of Property Software Group have been consolidated. Therefore, consolidated results for 2016 include five months of performance of Property Software Group and are not a like for like comparison for 2015. Details of the acquisition are set out in Note 13.

On 1 June 2015 the Group acquired Ulysses Enterprises Limited and its subsidiaries (together "uSwitch") from which date the results of uSwitch have been consolidated. Therefore, consolidated results for 2015 include only four months of performance within the Group's Comparison Services division and are not a like for like comparative for 2016. Details of the acquisition are set out in the Group's Annual Report 2015 and are summarised in Note 13.

1.4 Going concern

The financial position of the Group shows a positive net asset position and the Group continues to generate positive Adjusted EBITDA, positive net cash flows from operating activities and maintain its current dividend policy. As a consequence, the Directors believe that the Group is well placed to manage its business and financial risks successfully.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the historical financial information.

1.5 Revenue

Revenue represents amounts due for services provided during the period, net of value added tax. The Group recognises revenue under two categories – Property Services and Comparison Services.

Revenue from Property Services derives principally from subscription to the Group's property websites and from the provision of property software to UK domestic estate agents ("UK Agency revenue"), home developers ("New Homes revenue") and overseas and commercial estate agents. Subscription revenue is recognised over the period of the subscription. Software revenue includes subscription to Software as a Service ("SaaS"), desktop software licensing, support and installation fees. Installation fees are recorded at fair value when the installation is complete. Ongoing SaaS revenue, support and licensing fees are recognised over the service period. Revenue from other property services is recognised in the month in which the service is provided.

The main sources of Comparison Services revenue are fees received for gas and electricity comparison services ("Energy revenue") and mobile, broadband, pay TV and home phone comparison services ("Communications revenue"). Revenue is recognised at the point at which the Group generates a lead to an energy or communications provider, based on the historical conversion of such leads into completed switches. Revenue from other comparison services ("Other Comparison Services revenue") is recognised in the month in which the service is provided.

1.6 Leases

During the period the Group entered into a new 15 year lease agreement for the Group's head office at The Cooperage, London.

All of the Group's current lease arrangements are recognised as operating leases as the material risks and rewards incidental to ownership remain with the lessor. Operating lease rentals are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease. Rent-free periods, lease arrangement fees and other direct costs are amortised through the consolidated statement of comprehensive income over the term of the lease.

1.7 Finance income and costs

Finance income represents interest receivable on cash and deposit balances. Interest income is recognised as it accrues using the effective interest method.

Finance costs represent interest and certain fees charged on the Group's revolving credit facility. Finance costs are recognised as they accrue using the effective interest method.

1.8 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. This cost includes the purchase price, directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions. Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and are not revalued.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful economic lives, using the straight-line method, as follows:

Fixtures and fittings	–	over 2 to 5 years
Computer equipment	–	over 2 to 5 years
Leasehold improvements	–	over the lease term
Freehold property	–	over 50 years

The Directors review the residual values and useful economic lives of assets on an annual basis.

1.9 Business combinations

The acquisition of subsidiaries and businesses is accounted for using the acquisition method in accordance with IFRS 3. The consideration for each acquisition is measured at the aggregate of fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, net of cash acquired. Acquisition related costs, other than those associated with the issue of debt or equity securities, are recognised in the consolidated statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value with the exception of deferred tax assets and liabilities, which are measured in accordance with IAS 12 – income taxes. Identifiable net assets include the recognition of any separately identifiable intangible assets. Further detail of the identifiable assets and liabilities recognised during the year on the acquisition of Property Software Group and on the 2015 acquisition of uSwitch is provided in Note 13.

Deferred and contingent consideration are measured at fair value at the date of acquisition. Where the amounts payable are classified as a financial liability any subsequent change in the fair value is charged/credited to the Group's consolidated statement of comprehensive income. Amounts classified as equity are not subsequently remeasured. Where consideration to management shareholders is contingent on their continued employment the amount is recognised as a remuneration expense in the statement of comprehensive income over the deferral period.

1.10 Goodwill

Goodwill arising on a business combination represents the difference between the fair value of the consideration paid and the fair value of assets and liabilities acquired and is recorded as an intangible asset. Goodwill is not subsequently subject to amortisation but is tested for impairment annually and whenever the Directors have an indication that it may be impaired. For the purposes of impairment testing goodwill is allocated to the cash-generating units expected to benefit from the combination. Any impairment in carrying value is charged to the consolidated statement of comprehensive income.

1.11 Intangible assets

Purchased intangible assets with finite lives are initially recorded at cost. Intangibles arising on acquisition are recorded at fair value. All intangibles are subsequently stated at initial value less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets as follows:

Brand	–	5–10 years
Domain names	–	5 years
Database	–	3–10 years
Customer relationships	–	5–10 years
Website development and Computer software	–	3–5 years

1.12 Impairment of tangible and intangible assets

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Any impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that this increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

1.13 Research and development

The Group incurs expenditure on research and development in order to develop new products and enhance the existing websites. Research expenditure is expensed in the period in which it is incurred. Development costs are expensed when incurred unless they meet certain criteria for capitalisation. Development costs whereby research findings are applied to creating a substantially enhanced website or new product are only capitalised once the technical feasibility and the commercial viability of the project has been demonstrated and they can be reliably measured. Capitalised development costs are amortised on a straight-line basis over their expected useful economic life.

Once the new website enhancement or product is available for use, subsequent expenditure to maintain the website or product, or on small enhancements to the website or product, is recognised as an expense when it is incurred.

Research and Development tax credit claims made are recognised as a credit to administrative expenses in the financial year relevant to the claim.

1.14 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Full details of financial instruments are included in Note 26.

Investments in unlisted securities not meeting the definition of associates, joint ventures or subsidiaries are classified as available for sale financial assets and are initially recorded at fair value plus transaction costs. The investments are then remeasured at each subsequent reporting date to fair value. Changes in the fair value or impairments arising from the significant or prolonged decline in fair value of the unlisted securities are recognised in other comprehensive income. On disposal of the asset any gains and losses recorded within other comprehensive income are realised and are reclassified to the consolidated statement of comprehensive income.

Trade and other receivables are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for impairment in relation to irrecoverable amounts. This is deemed to be a reasonable approximation of their fair value. The provision is reviewed regularly in conjunction with a detailed analysis of historical payment profiles and past default experience. When a trade receivable is deemed uncollectable, it is written off against the allowance account. The Group receives interest income on certain amounts held in escrow.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value.

Loans and borrowings are measured at amortised cost, net of direct costs. Direct costs are released through the consolidated statement of comprehensive income under the effective interest method, along with interest charged, over the life of the instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Company's Ordinary Shares are classified as equity instruments and are recognised at the proceeds received, net of any direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial instruments are not used for speculative purposes.

The Group's cash and cash equivalents represent amounts held in the Group's current accounts and overnight deposits that are immediately available.

1.15 Current tax

Current income tax comprises UK income tax and 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 statement of financial position date. Current tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

1.16 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax is recognised in the consolidated statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets are recovered.

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

1.17 Provisions

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at Management's best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the impact is material. The unwinding of any discount is recognised in finance costs.

Dilapidation provisions are recognised based on Management's best estimate of costs to make good the Group's leasehold properties at the end of the lease term.

Onerous lease provisions relate to contracts whereby the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received under it. The Group's onerous lease provision relates to one of the Group's previous office buildings which was vacated in September 2016.

1.18 Employee benefits: defined contribution benefit scheme

The Group operates a defined contribution pension scheme which is a post-employment benefit plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions payable to the fund are charged to the statement of comprehensive income in the period to which they relate.

1.19 Share-based payments

The Group provides equity-settled share-based incentive plans whereby Zoopla Property Group Plc grants shares or nil-cost options over its shares to employees of its subsidiaries for their employment services. The Group also issues warrants over shares in Zoopla Property Group Plc to a number of the Group's estate agent partners, allowing them to acquire shares in exchange for making their property listings available for inclusion on the Group's property websites.

Equity-settled share-based payments to employees and partners are measured at the fair value of the equity instruments at the grant date. The fair value is measured using a suitable valuation model, including the Black-Scholes and Monte-Carlo valuation models where appropriate, and is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to meet a market vesting condition. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Note 24.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is charged to the income statement over the remaining vesting period.

Within the company accounts of Zoopla Property Group Plc equity-settled share options granted directly to employees or estate agent partners of a subsidiary are treated as a capital contribution to the subsidiary. The capital contribution is measured by reference to the fair value of the share-based payments charge for the period and is recognised as an increase in the cost of investment with a corresponding credit to equity.

A number of shares are held in trust in order to settle future exercises of the Group's share incentive schemes. Details of the trusts are included in Note 24. Shares held in trust are treated as a deduction from equity.

Employer's National Insurance Contributions are accrued, where applicable, at a rate of 13.8%. The amount accrued is based on the market value of the shares at 30 September 2016 after deducting the exercise price of the share option.

1.20 Critical accounting judgements and key sources of estimation uncertainty

Management makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within future periods are discussed below.

Acquisition of Property Software Group

On 28 April 2016 the Group completed its acquisition of Property Software Group. The process of determining the fair value of assets and liabilities acquired is inherently judgemental and there is a risk that inappropriate methodologies or assumptions could lead to the valuation of acquired intangibles, goodwill or the fair value of other net assets being misstated. The details of the assets and liabilities recognised are set out in Note 13. The Group engaged third party valuations experts to mitigate the risk associated with the valuation of assets and liabilities on acquisition; however, Management judgement remains in the preparation of forecasts and other assumptions which are included within the valuation model.

Impairment of goodwill and intangibles

The Group holds goodwill and intangibles on the statement of financial position in respect of business acquisitions made. During 2016 the Group has recognised intangible assets and goodwill of £75.9 million in respect of the acquisition of Property Software Group. In 2015 the Group recognised £181.4 million in respect of the uSwitch acquisition. Acquired intangibles include acquired brands, customer relationships, databases, websites and software. The Group is required to review these assets annually for impairment. Determining whether goodwill and intangible assets are impaired or whether a reversal of impairment of intangible assets should be recorded requires an estimation of the recoverable value of the relevant cash-generating unit, which represents the higher of fair value and value in use. The value in use calculation requires Management to estimate the future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred. A key area of judgement is deciding the long-term growth rate of the applicable businesses and the discount rate applied to those cash flows. Details of the assumptions used for 2016 are included in Note 14 to the financial statements.

Revenue and accrued income

Revenue generated by the Group's Comparison Services division is recognised predominantly from online switching services. An element of Management judgement is required in calculating a revenue accrual which estimates the number of successful switches based on leads provided for each partner in the period between the last date of billing and the latest partner data being made available. The accrued income is estimated by considering the volume of leads that have passed from the Group's websites to the partner, the historical conversion of such leads into completed switches and contracted revenue per switch. As at 30 September 2016 the Group holds £17.2 million of accrued income (2015: £10.7 million) on the statement of financial position.

Revenue from Property Services is predominantly subscription based and therefore there is a lower amount of estimation uncertainty and Management judgement involved in its recognition and measurement.

1.21 Non-GAAP performance measures

In the analysis of the Group's financial performance certain information disclosed in the financial statements may be prepared on a non-GAAP basis or has been derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. These measures are reported in line with how financial information is analysed by Management. The Directors believe that these non-GAAP measures provide a more appropriate measure of the Group's underlying business performance. The non-GAAP measures are designed to increase comparability of the Group's financial performance year on year. However, these measures may not be comparable with non-GAAP measures adopted by other companies. The key non-GAAP measures presented by the Group are:

- Adjusted EBITDA – which is defined as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items (Note 3); and
- Adjusted basic EPS – which is defined as profit for the year, excluding exceptional items and amortisation of intangible assets arising on acquisitions, adjusted for tax and divided by the weighted average number of shares in issue for the year (Note 11).

Both of these measures are used in determining the remuneration of the Executive Directors and Management.

2. Business segments

The Board of Directors has been identified as the Group's chief operating decision maker. The monthly reporting pack provided to the Board to enable assessment of the performance of the business has been used as the basis for determining the Group's operating segments.

Whilst the chief operating decision maker monitors the performance of the business at a revenue and Adjusted EBITDA level, depreciation and amortisation, share-based payments, exceptional items, finance income and costs and income tax are all monitored on a consolidated basis. As the Group continues to evolve we will assess the relevance of splitting out Adjusted EBITDA for the Property Services and Comparison Services divisions.

Assets and liabilities are also managed on a centralised basis and are not reported to the chief operating decision maker in a disaggregated format.

The chief operating decision maker monitors six individual revenue streams as set out below. The six revenue streams are grouped under two headings: Property Services and Comparison Services. Adjusted EBITDA is monitored on an aggregated basis under these two headings. Revenue and costs shown under the UK Agency heading include trading for the five months from 28 April 2016 to 30 September 2016 of Property Software Group, being the period of consolidation. The consolidated results for 2015 include only four months of performance within the Group's Comparison Services division and are therefore not a like for like comparative for 2016.

Property Services

- UK Agency revenue, which represents property advertising services and the provision of property software to UK estate agents and lettings agents;
- New Homes revenue, which represents property advertising services provided to new home developers;
- Other Property Services revenue, which predominantly represents overseas and commercial property advertising services, display advertising and data services.

Comparison Services

- Energy revenue, which represents gas and electricity switching services;
- Communications revenue, which represents mobile, broadband, pay TV and home phone switching services; and
- Other Comparison Services revenue, which predominantly represents financial services switching, boiler cover, business energy and data insight services.

All material revenues are generated in the UK.

The following table analyses the Group's revenue streams as described above:

2016	Property Services £000	Comparison Services £000	Total Group £000
Revenue			
UK Agency	**64,257**[1]	—	**64,257**
New Homes	**11,736**	—	**11,736**
Other Property Services	**10,757**	—	**10,757**
Energy	—	**52,659**	**52,659**
Communications	—	**44,137**	**44,137**
Other Comparison Services	—	**14,182**	**14,182**
Total revenue	**86,750**	**110,978**	**197,728**
Underlying costs	**(48,202)**	**(72,416)**	**(120,618)**
Adjusted EBITDA	**38,548**	**38,562**	**77,110**
Share-based payments			**(4,852)**
Depreciation and amortisation			**(11,179)**
Exceptional items			**(11,404)**
Operating profit			**49,675**
Finance income			**51**
Finance costs			**(3,564)**
Profit before tax			**46,162**
Income tax expense			**(9,484)**
Profit for the year being total comprehensive income			**36,678**

[1] Includes revenue of £7.3 million contributed by Property Software Group during the year (2015: £Nil).

2015	Property Services £000	Comparison Services £000	Total Group £000
Revenue			
UK Agency	58,269	—	58,269
New Homes	10,965	—	10,965
Other Property Services	10,663	—	10,663
Energy	—	11,576	11,576
Communications	—	13,322	13,322
Other Comparison Services	—	2,761	2,761
Total revenue	79,897	27,659	107,556
Underlying costs	(39,031)	(19,831)	(58,862)
Adjusted EBITDA	40,866	7,828	48,694
Share-based payments			(1,873)
Depreciation and amortisation			(4,072)
Exceptional items			(8,187)
Operating profit			34,562
Finance income			184
Finance costs			(1,163)
Profit before tax			33,583
Income tax expense			(8,200)
Profit for the year being total comprehensive income			25,383

3. Adjusted EBITDA

Adjusted EBITDA is used by Management as a key measure to monitor the Group's business and the Directors believe it should be disclosed on the face of the statement of comprehensive income to assist in the understanding of the Group's underlying financial performance. Furthermore, the terms of the Group's revolving credit facility require Management to report on the Group's net debt to Adjusted EBITDA ratio. Adjusted EBITDA is therefore considered a key performance metric for Management, the providers of the Group's external debt and other stakeholders.

The Group defines Adjusted EBITDA as operating profit after adding back depreciation and amortisation, share-based payments and exceptional items. Exceptional items include costs and income which Management believes to be exceptional in nature by virtue of their size or incidence. Such items would include costs associated with business combinations, one-off gains and losses on disposal, and similar items of a non-recurring nature together with reorganisation costs and similar charges. In 2016 exceptional items related to the acquisition of Property Software Group and the 2015 acquisition of uSwitch.

This is further adjusted for share-based payment expenses which are comprised of charges relating to: (i) warrants issued to certain of the Group's partners; and (ii) employee incentive plans which are aimed at retaining staff and aligning employee objectives with those of the Group. The Directors consider that excluding share-based payments and other non-cash charges such as depreciation and amortisation in arriving at Adjusted EBITDA gives a more appropriate measure of the Group's underlying financial performance and a closer approximation to the Group's operating cash flows.

The table below presents a reconciliation of profit for the period to Adjusted EBITDA for the periods shown:

	2016 £000	2015 £000
Operating profit	**49,675**	34,562
Depreciation of property, plant and equipment	**1,709**	415
Amortisation of intangible assets arising on acquisitions	**7,481**	2,047
Amortisation of other intangible assets	**1,989**	1,610
Share-based payments (Note 24)	**4,852**	1,873
Exceptional items	**11,404**	8,187
Adjusted EBITDA	**77,110**	48,694

Exceptional items comprise:

	2016 £000	2015 £000
Transaction costs incurred on acquisitions	**1,256**	5,130
Management deferred consideration conditional on continued employment	**4,412**	936
Management earn-out consideration conditional on continued employment	**2,663**	1,206
Management deal related performance bonuses	**3,073**	915
Exceptional items	**11,404**	8,187

4. Operating profit

	2016 £000	2015 £000
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	**1,709**	415
Amortisation of intangible assets arising on the acquisitions	**7,481**	2,047
Amortisation of other intangible assets	**1,989**	1,610
Research and Development tax credits	**(472)**	—
Operating lease rentals:		
– Land and buildings	**1,671**	597
– Other	**339**	341
Share-based payments (Note 24)	**4,852**	1,873

The total gross value of research and development expenditure in the period was £4.3 million, of which £1.5 million was capitalised on the statement of financial position. Research and development expenditure relates to staff costs incurred in the development of new products and features.

5. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates:		
– for the audit of Zoopla Property Group Plc and the consolidated financial statements	**65**	55
– for the audit of subsidiaries of Zoopla Property Group Plc	**125**	135
Total audit fees	**190**	190
Fees payable to the Group's auditor and its associates for other services to the Group:		
– Audit related assurance services	**28**	20
– Services related to acquisitions	—	182
– Services related to corporate finance transactions	—	—
Total non-audit fees	**28**	202

6. Employee costs

	2016 £000	2015 £000
Staff costs (including Directors) comprise:		
Wages and salaries	**30,454**	17,121
Social security costs	**4,839**	1,966
Defined contribution pension costs	**770**	391
Share-based payments (Note 24)	**3,584**	1,757
	39,647	21,235

7. Remuneration of key Management personnel

	2016 £000	2015 £000
Salary, benefits and bonus	**2,959**	1,949
Defined contribution pension cost	**146**	129
Share-based payments	**1,772**	448
	4,877	2,526

Key Management personnel comprises the Chairman, the Directors and the Managing Directors of the Property Services and Comparison Services divisions.

Further information about the remuneration of the Directors is provided in the audited part of the Directors' remuneration report in the Group's Annual Report 2016.

All of the key Management personnel excluding the Chairman and the Non-Executive Directors are members of the Group's defined contribution pension plans (2015: all).

8. Director and employee numbers

The average monthly number of Directors and employees in administration and Management during the period was:

	2016 Number	2015 Number
Administration	**580**	285
Management	**19**	18
	599	303

9. Income tax expense

	2016 £000	2015 £000
Current tax		
Current period	**14,076**	9,095
Adjustment in respect of prior periods	**(625)**	(145)
Total current tax	**13,451**	8,950
Deferred tax		
Origination and reversal of temporary differences	**(3,282)**	(765)
Adjustment in respect of prior periods	**215**	—
Effect of change in UK corporation tax rate	**(900)**	15
Total deferred tax	**(3,967)**	(750)
Total income tax expense	**9,484**	8,200

Corporation tax is calculated at 20% (2015: 20.5%) of the taxable profit for the year.

On 15 September 2016 the Finance act 2016 confirmed a reduction in the rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. The Finance Bill was substantively enacted at the year end date and therefore the one-off impact of remeasuring the UK deferred tax assets and liabilities for the rate change is recognised at 30 September 2016.

The charge for the period can be reconciled to the profit in the statement of comprehensive income as follows:

	2016 £000	2015 £000
Profit before tax	**46,162**	33,583
Current corporation tax rate of 20% (2015: 20.5%)	**9,232**	6,885
Non-deductible expenses	**1,562**	1,390
Adjustments in respect of prior periods	**(410)**	(145)
Adjustment for the exercise of share options and warrants	—	104
Enhanced relief for R&D expenditure	—	(14)
Effect of change in UK corporation tax rate	**(900)**	(20)
Total income tax expense	**9,484**	8,200

In addition to the amount charged to profit and loss, the following amounts relating to tax have been recognised directly in equity:

	2016 £000	2015 £000
Current tax		
Credit for current tax on share-based payments	**(217)**	(565)
Deferred tax		
(Credit)/charge for deferred tax on share-based payments	**(888)**	238
Total income tax recognised directly in equity	**(1,105)**	(327)

The Group's effective tax rate for the year ended 30 September 2016 is 20.5% (2015: 24%). The effective tax is higher than the statutory rate due to non-deductible transaction costs, management deferred and contingent consideration incurred on acquisitions. In 2016 this has been offset by the revaluation of deferred tax assets and liabilities as a result of the reduction in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020.

10. Dividends

	2016 £000	2015 £000
Interim dividend for 2016 of 1.5 pence per Ordinary Share paid on 24 June 2016	**6,210**	—
Final dividend for 2015 of 2.5 pence per Ordinary Share paid on 3 March 2016	**10,344**	—
Interim dividend for 2015 of 1.0 pence per Ordinary Share paid on 24 June 2015	—	4,131
Final dividend for 2014 of 1.1 pence per Ordinary Share paid on 23 February 2015	—	4,536
Total dividends paid in the year	**16,554**	8,667

During the year the Group paid £16.6 million in dividends to shareholders. Additionally, the Directors propose a final dividend for 2016 of 3.7 pence per share (2015: 2.5 pence per share) resulting in a final proposed dividend of £15.3 million (2015: £10.3 million). The dividend is subject to approval at the Group's AGM on 2 February 2017. The final dividend proposed has not been included as a liability at the statement of financial position date.

11. Earnings per share

	2016 £000	2015 £000
Earnings for the purposes of basic and diluted earnings per share, being profit for the year	**36,678**	25,383
Exceptional items (Note 3)	**11,404**	8,187
Amortisation of intangible assets arising on the acquisition of subsidiaries	**7,481**	2,047
Adjustment for tax	**(3,170)**	(784)
Adjusted earnings for the year	**52,393**	34,833
,		
Weighted average number of Ordinary Shares	**413,262,135**	412,509,761
Dilutive effect of share options and warrants	**5,305,776**	3,761,746
Dilutive effect of potentially issuable shares	—	4,063,633
Dilutive earnings per share denominator	**418,567,911**	420,335,140
Basic and diluted earnings per share		
Basic earnings per share (pence)	**8.9**	6.2
Diluted earnings per share (pence)	**8.8**	6.0
Adjusted earnings per share		
Adjusted basic earnings per share (pence)	**12.7**	8.4
Adjusted diluted earnings per share (pence)	**12.5**	8.3

Adjusted Earning per Share figures for 2016 exclude the amortisation of intangible assets arising on the acquisitions of uSwitch and Property Software Group, which arise only on consolidation. Management believes that excluding the amortisation of these intangibles better reflects the underlying performance of the Group and increases comparability of performance year on year.

The dilutive effect of share options and warrants arises from the various share schemes operated by the Group as set out in note 24. The dilutive effect of potentially issuable shares of 4.1 million in 2015 related to the institutional deferred consideration on acquisition of uSwitch which could be settled in either cash or shares. This was fully settled in cash during 2016.

12. Investment in subsidiaries

Details of the Company's direct and indirect subsidiaries at 30 September 2016 are shown below. All of the subsidiaries listed are included in the consolidated accounts of Zoopla Property Group Plc, the ultimate parent company of the Group. The Ordinary Share capital of each subsidiary is owned entirely by the direct parent indicated. ZPG Limited, Ulysses Enterprises Limited and Property Software Holdings Limited are the only direct subsidiaries of Zoopla Property Group Plc. All subsidiaries are incorporated in the UK and registered at The Cooperage, 5 Copper Row, London, SE1 2LH.

Name	Direct parent	Country of incorporation	Ownership of Ordinary Shares and voting interest at 30 September 2016
Active			
ZPG Limited	Zoopla Property Group Plc	United Kingdom	100%
Ulysses Enterprises Limited	Zoopla Property Group Plc	United Kingdom	100%
uSwitch Digital Limited	Ulysses Enterprises Limited	United Kingdom	100%
uSwitch Limited	uSwitch Digital Limited	United Kingdom	100%
uSwitch Communications Limited	uSwitch Digital Limited	United Kingdom	100%
Property Software Holdings Limited	Zoopla Property Group Plc	United Kingdom	100%
Jupix Limited	Property Software Holdings Limited	United Kingdom	100%
MoveIT Network Limited	Jupix Limited	United Kingdom	100%
Property Software Limited	Property Software Holdings Limited	United Kingdom	100%
Core Estates Limited	Property Software Limited	United Kingdom	100%
CFP Software Limited	Property Software Limited	United Kingdom	100%
Vebra Investments Limited	Property Software Limited	United Kingdom	100%
Vebra Limited	Vebra Investments Limited	United Kingdom	100%
Vebra Solutions Limited	Vebra Limited	United Kingdom	100%
Dormant			
PSG Web Services Limited	Vebra Limited	United Kingdom	100%
Real Estate Technology Limited	Vebra Limited	United Kingdom	100%

The acquired entity Property Software Holdings Limited and its direct and indirect subsidiaries have a reporting period ending 31 March. The dormant subsidiaries have not taken an exemption from the preparation of individual accounts in respect of the year ended 31 March 2016 by virtue of the s394A of Companies Act 2006. All other subsidiaries have a reporting period ending 30 September.

13. Acquisitions

Property Software Group

On 28 April 2016 Zoopla Property Group Plc completed its acquisition of Property Software Group through the purchase of 100% of the issued share capital of Property Software Holdings Limited for total consideration of £69.6 million as measured in accordance with IFRS 3.

Expenses incurred on the acquisition of £1.3 million are included within administration expenses in the statement of comprehensive income. These costs have been considered exceptional in arriving at Adjusted EBITDA for 2016 (Note 3).

Property Software Group was consolidated into the Group on 28 April 2016. In the period post acquisition, Property Software Group recorded revenue of £7.3 million and adjusted EBITDA of £1.7 million. On a like-for-like basis, assuming Property Software Group was consolidated from the commencement of the 2016 financial year, the combined Group would have recorded revenue of £207.4 million and adjusted EBITDA of £80.2 million.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities with the exception of "intangible assets – software" which has been recorded at a fair value of £5.9 million compared to a book value of £3.5 million. The Group has also recognised a number of separately identifiable intangibles as part of the acquisition, details of which are set out in Note 13.1.

The fair values of the assets and liabilities acquired are as follows:

	Fair value £000
Property, plant and equipment	463
Intangible assets – software (Note 14)	5,904
Trade receivables	1,543
Prepayments and other receivables	669
Corporation tax asset	66
Trade payables	(188)
Accruals and other payables	(1,707)
Deferred income	(2,385)
Provisions	(35)
Total net assets acquired	4,330
Intangible assets recognised on acquisition:	
– Brand (13.1)	2,222
– Customer relationships (13.1)	20,484
Deferred tax liability arising on intangibles	(4,646)
Goodwill on acquisition (Note 13.2)	47,246
	69,636
Satisfied by:	
Cash consideration, net of cash acquired	22,263
Debt assumed and discharged (Note 13.3)	24,862
Deferred and contingent consideration (Note 13.4)	22,511
Total consideration	**69,636**

13.1 Intangible assets recognised on consolidation

Brand

£2.2 million has been recognised in respect of brand names operated by Property Software Group. The brands consist of desktop software products "Vebra", "Core" and "CFP" and SaaS products "Alto" and "Jupix". Property Software Group is an established software developer and supplier and the brands are considered to be highly recognisable in the UK real estate market. The brands have been valued using a relief from royalty approach. A brand royalty rate of 1.75% and a post-tax discount rate of 14.4% have been used to determine the net present value of avoided cash flows. Useful economic life of the brand assets are assessed as five years for desktop products and ten years for SaaS products.

Customer relationships

£20.5 million has been recognised in respect of customer relationships held by Property Software Group. The customer relationships relate to existing customers with subscriptions and licences to Property Software Group's desktop and SaaS products. The customer relationships have been valued using a multi-period excess earnings approach. A post-tax discount rate of 14.7% has been applied to forecast cash flows relating to the existing customers. Useful economic life of the customer relationships are assessed as five years for desktop products and ten years for SaaS products.

Software

£5.9 million has been recognised in respect of software assets developed by Property Software Group. Property Software Group has developed market leading desktop and SaaS software products. The software has been valued using a relief from royalty approach. A royalty rate for the software of 7% and a post-tax discount rate of 14.5% has been used to determine the net present value of avoided cash flows. Useful economic life of the software is assessed as three years for Desktop products and five years for SaaS products.

13.2 Goodwill

The acquisition of Property Software Group provides a number of benefits to the Group. The goodwill recognised on acquisition represents the value arising from intangible assets that are not separately identifiable under IAS 38 including the skills and knowledge of Property Software Group's workforce.

The Board believes that the integration of Property Software Group into the Property Services division will result in an unrivalled UK property market proposition supporting professionals with their software and CRM solutions, digital marketing requirements and market insight tools along with providing them a range of new revenue opportunities through Property Software Group's MoveIT platform. The Board believes this unique proposition will drive an increase in revenue from its partners.

13.3 Debt assumed and discharged

Immediately prior to acquisition Property Software Group had outstanding debt of £24.9 million. The outstanding debt was assumed and discharged by Zoopla Property Group Plc on acquisition.

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

	2016 £000
Cash consideration, net of cash acquired on acquisition	22,263
Debt assumed and discharged	24,862
Cash expenses incurred on acquisition	1,256
Cash outflow on acquisition of subsidiaries	**48,381**

13.4 Deferred and contingent consideration

On acquisition the Group recognised deferred consideration of £22.5 million. A further £5.7 million is payable to Management shareholders and is conditional on the continued employment of Management up to and including the date of payment. In accordance with IFRS 3, this consideration will be recognised as a remuneration expense in the Group's consolidated statement of comprehensive income over the deferral period of between 12 months and 24 months from the date of acquisition. The Group is accruing the full £5.7 million over the deferral period, adjusted by an estimation of the number of leavers.

The movement in the value of deferred and contingent consideration between the date of acquisition and 30 September 2016 is set out in Note 19.

13.5 uSwitch

On 1 June 2015 Zoopla Property Group Plc completed its acquisition of uSwitch through the purchase of 100% of the issued share capital of Ulysses Enterprises Limited for total consideration of £177.6 million as measured in accordance with IFRS 3. Full details of the acquisition are included in the Annual Report 2015. On a like-for-like basis, assuming uSwitch was consolidated from the commencement of the 2015 financial year, the combined Group would have recorded revenue of £160.1 million and adjusted EBITDA of £63.3 million.

The fair values of the assets and liabilities acquired were as follows:

	Fair value £000
Property, plant and equipment	777
Intangible assets – computer software	86
Trade receivables	5,466
Accrued income	10,056
Prepayments and other receivables	953
Deferred tax assets	379
Trade payables	(3,079)
Accruals and other payables	(6,708)
Provisions	(135)
Corporation tax payable	(1,053)
Total net assets acquired	6,742
Intangible assets recognised	
– Brand	48,770
– Website and technology platform	2,890
– Database	900
Deferred tax liability arising on intangibles	(10,512)
Goodwill on acquisition	128,782
	177,572
Satisfied by:	
Cash consideration, net of cash acquired	61,907
Debt assumed and discharged	79,675
Deferred and contingent consideration	35,990
Total consideration	177,572

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

	2015 £000
Cash consideration, net of cash acquired on acquisition	(61,907)
Debt assumed and discharged	(79,675)
Cash expenses incurred on acquisition	(4,430)
Cash outflow on acquisition of subsidiaries	(146,012)

The earn-out performance period for the uSwitch acquisition ended on 30 April 2016. As a result of the performance of the Comparison Services division during the performance period the full £30.0m became due to the business' previous shareholders. The full amount, less a reduction for any management shareholders which left the business prior to settlement, was paid in May 2016. Of the amount settled, £2.5m is contingent on the continued employment for a further 24 months of Management shareholders and is currently held in escrow.

14. Intangible assets

	Goodwill £000	Brand £000	Customer relationships £000	Domain names £000	Websites and computer software £000	Database £000	Total £000
Cost							
At 1 October 2015	199,575	48,770	6,091	1,451	3,847	1,129	260,863
On acquisition (Note 13)	47,246	2,222	20,484	—	5,904	—	75,856
Additions	—	—	—	—	2,561	—	2,561
At 30 September 2016	**246,821**	**50,992**	**26,575**	**1,451**	**12,312**	**1,129**	**339,280**
At 1 October 2014	70,793	—	6,091	1,451	162	229	78,726
On acquisition (Note 13)	128,782	48,770	–	—	2,976	900	181,428
Additions	—	—	—	—	709	—	709
At 30 September 2015	199,575	48,770	6,091	1,451	3,847	1,129	260,863
Amortisation							
At 1 October 2015	—	1,626	3,696	1,109	440	318	7,189
Charge for the year	—	4,979	2,212	187	1,785	307	9,470
At 30 September 2016	**—**	**6,605**	**5,908**	**1,296**	**2,225**	**625**	**16,659**
At 1 October 2014	—	—	2,478	847	—	207	3,532
Charge for the year	—	1,626	1,218	262	440	111	3,657
At 30 September 2015	—	1,626	3,696	1,109	440	318	7,189
Net book value							
At 30 September 2016	**246,821**	**44,387**	**20,667**	**155**	**10,087**	**504**	**322,621**
At 30 September 2015	199,575	47,144	2,395	342	3,407	811	253,674

Goodwill and intangibles are tested for impairment by comparing the carrying amount of the cash-generating unit (CGU) with its recoverable amount, which represents the higher of its estimated fair value and value in use. An impairment loss is recognised when the carrying value of the asset exceeds its recoverable amount.

The intangible assets relate to the three separate CGU's: Comparison Services, Property Services excluding Property Software Group and Property Software Group. Goodwill is allocated to each CGU per the below table.

	2016 £000
Comparison Services	128,782
Property Services excluding Property Software Group	70,793
Property Software Group	47,246
At 30 September 2016	**246,821**

The recoverable amounts of intangible assets and goodwill are based on the value in use, which is determined using cash flow projections derived from financial plans approved by the Board covering a three year period. They reflect Management's expectations of revenue, EBITDA growth, capital expenditure, working capital and operating cash flows, based on past experience and future expectations of business performance. Cash flows beyond the three year period have been extrapolated using perpetuity growth rates.

A growth rate of 3% has been applied to extrapolate the cash flows into perpetuity. Growth has been capped at 3% across both business units so as not to exceed the long-term expected growth rate of the country and industry the Group operates in, in accordance with IAS 36. The pre-tax discount rate was used for each CGU was in the range 10.1% to 14.2%.

The analysis performed calculates that the recoverable amount of each CGU's assets exceeds their carrying value, as such no impairment was identified. The Directors are comfortable that a reasonable change in the underlying assumptions would not indicate an impairment. Amending the analysis such that a growth rate into perpetuity of negative 3%, or a reasonable increase in discount rate, is applied across all CGU's whilst holding all other variables constant would still not give rise to an impairment.

15. Property, plant and equipment

	Fixtures and fittings £000	Freehold property £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost					
At 1 October 2015	340	—	983	1,240	2,563
Acquired on acquisitions	34	209	150	70	463
Additions	570	—	829	4,330	5,729
At 30 September 2016	**944**	**209**	**1,962**	**5,640**	**8,755**
At 1 October 2014	209	—	359	1,107	1,675
Acquired on acquisitions	123	—	521	133	777
Additions	8	—	103	—	111
At 30 September 2015	340	—	983	1,240	2,563
Accumulated depreciation					
At 1 October 2015	120	—	310	203	633
Charge for the year	253	2	411	1,043	1,709
At 30 September 2016	**373**	**2**	**721**	**1,246**	**2,342**
At 1 October 2014	35	—	126	57	218
Charge for the year	85	—	184	146	415
At 30 September 2015	120	—	310	203	633
Net book value					
At 30 September 2016	**571**	**207**	**1,241**	**4,394**	**6,413**
At 30 September 2015	220	—	673	1,037	1,930

16. Available for sale financial assets

	2016 £000
At 1 October 2015	—
Additions	974
Disposals	(250)
At 30 September 2016	**724**

Available for sale financial assets represent the Group’s strategic partnerships with a number of UK Proptech and Fintech companies.

17. Trade and other receivables

	2016 £000	2015 £000
Trade receivables	**8,896**	8,850
Accrued income	**17,228**	10,740
Prepayments	**3,160**	2,348
Amounts held in escrow	**9,884**	7,446
Other receivables	**709**	842
	39,877	30,226
Non-current	**3,262**	7,446
Current	**36,615**	22,780
	39,877	30,226

The Directors consider that the carrying value of trade and other receivables is approximate to their fair value. The carrying value also represents the maximum credit exposure.

£9.9 million is held in escrow for the settlement of deferred consideration payable in relation to the acquisition of uSwitch.

Details of the Group’s exposure to credit risk are given in Note 26.

18. Trade and other payables

	2016 £000	2015 £000
Trade payables	**7,618**	5,507
Accruals	**16,955**	10,599
Other taxation and social security payments	**5,865**	5,512
Deferred income	**1,813**	380
Other payables	**271**	253
	32,522	22,251

The Directors consider that the carrying value of trade and other payables is approximate to their fair value. Details of the Group's exposure to liquidity risk are given in Note 26.

19. Deferred and contingent consideration

The Group's liabilities in respect of deferred and contingent consideration arising on the acquisition of Property Software Group on 28 April 2016 and the acquisition of uSwitch on 1 June 2015 and are set out below:

	Deferred consideration £000	Contingent consideration – earn-out £000	Total £000
At 1 October 2015	11,976	26,156	38,132
Recognised on acquisition of Property Software Group	22,511	—	22,511
Charge in the period for amounts conditional on the continued employment of Management	4,412	2,663	7,075
uSwitch settlement	(10,040)	(27,002)	(37,042)
At 30 September 2016	**28,859**	**1,817**	**30,676**
Current	26,813	1,330	28,143
Non-current	2,046	487	2,533
At 1 October 2014	—	—	—
Recognised on acquisition of uSwitch	11,040	24,950	35,990
Charge in the period for amounts conditional on the continued employment of Management	936	1,206	2,142
At 30 September 2015	11,976	26,156	38,132
Current	10,000	25,393	35,393
Non-current	1,976	763	2,739

20. Provisions

The movement in provisions can be analysed as follows:

	Dilapidation provisions £000	Onerous lease £000	Total £000
At 1 October 2015	799	—	799
Acquired on acquisition of Property Software Group	35	—	35
Recognised in the period	1,375	729	2,104
Utilised in the period	(224)	—	(224)
At 30 September 2016	**1,985**	**729**	**2,714**
Current	575	729	1,304
Non-current	1,410	—	1,410
At 1 October 2014	634	—	634
Acquired on acquisition of uSwitch	135	—	135
Charged in the period	30	—	30
Utilised in the period	—	—	—
At 30 September 2015	799	—	799
Current	190	—	190
Non-current	609	—	609

The dilapidation provisions relate to Management's best estimate of costs to make good the Group's leasehold properties at the end of the lease term. The charge in the period represents expected exit costs on completion of the Group's new property lease at the Cooperage, London. During the period the Group vacated a number of previous office buildings, utilising £0.2m of the brought-forward provision.

The onerous lease provision relates to Management's best estimate of the fair value of future lease payments falling due prior to the expected assignment of the lease of one of the Group's previous office buildings which was vacated in September 2016. It is anticipated that the onerous lease provision shall be fully utilised in the 2017 financial year.

21. Loans and borrowings

On 30 April 2015 the Group entered into an agreement for the provision of a five year, £150.0 million revolving credit facility. On 18 April 2016 a £50.0 million extension to the revolving credit facility was agreed to finance the acquisition of Property Software Group.

The drawn portion of the facility incurs interest at UK Libor plus a margin. The margin is variable based on the Group's net debt to Adjusted EBITDA ratio. The effective interest rate for the period is set out in Note 26.

	Total £000
Gross borrowings at 1 October 2015	114,000
Repayment of borrowings	(46,500)
Drawdown of borrowings	84,000
Gross borrowings at 30 September 2016	**151,500**
Capitalised costs at 30 September 2016	(1,804)
Total loans and borrowings	**149,696**
Gross loans and borrowings at 1 October 2014	—
Initial draw down on acquisition of uSwitch	125,000
Repayment of borrowings	(11,000)
Gross borrowings at 30 September 2015	114,000
Capitalised costs at 30 September 2015	(1,568)
Total loans and borrowings	112,432

The Group has no other loans or borrowings.

22. Deferred tax

	Property, plant and equipment and computer software £000	Intangible assets £000	Share-based payments £000	Other £000	Total £000
Deferred tax asset/(liability) at 1 October 2015	136	(10,623)	866	436	(9,185)
On acquisition of Property Software Group	(45)	(4,646)	—	—	(4,691)
(Charge)/credit to profit or loss	(103)	2,794	778	713	4,182
Charge to equity	—	—	888	—	888
Prior year adjustment	38	—	—	(253)	(215)
Deferred tax asset/(liability) at 30 September 2016	**26**	**(12,475)**	**2,532**	**896**	**(9,021)**
Deferred tax asset/(liability) at 1 October 2014	326	(784)	895	—	437
On acquisition of uSwitch	—	(10,512)	—	379	(10,133)
(Charge)/credit to profit or loss	(190)	673	209	57	749
Charge to equity	—	—	(238)	—	(238)
Deferred tax asset/(liability) at 30 September 2015	136	(10,623)	866	436	(9,185)

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. Deferred tax assets have been recognised in respect of all temporary differences giving rise to income tax assets because it is probable that these assets will be recoverable.

The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £000	2015 £000
Deferred tax liabilities	**(12,475)**	(10,623)
Deferred tax assets	**3,454**	1,438
	(9,021)	(9,185)

23. Equity

Share capital

	2016 £000	2015 £000
Shares classified as capital		
Authorised		
418,116,472 (2015: 418,116,472) shares of £0.001 (2015: £0.001) each	**418**	418
Called-up share capital – allotted and fully paid		
418,116,472 (2015: 418,116,472) Ordinary Shares of £0.001 (2015: £0.001) each	**418**	418

Ordinary Shares

The Ordinary Shares carry one vote per share and rights to dividends, except when they are held as Treasury shares by the Company.

Other reserves – Merger reserve

The merger reserve was created in May 2012 from the premium on shares issued for the acquisition of The Digital Property Group Limited. In 2014 the merger reserve increased as a result of the Group's reorganisation prior to the IPO.

Other reserves – EBT share reserve

The EBT share reserve represents shares in issue that are held by the Employee Benefit Trust for the purpose of settling the Group's obligations under the Employee Share Option Scheme.

Other reserves – Treasury shares

Between 11 February 2016 and 17 February 2016 the Group acquired 188,340 of its own shares at a weighted average price of 220.0p in order to settle the exercise of outstanding warrants. As at 31 March 2016 25,551 of the shares had been released from treasury to satisfy warrant exercises leaving 162,789 shares in treasury with a weighted average price of 220.0p and a total value of £358,000 as at 30 September 2016.

24. Share-based payments

The Group operates a number of share-based incentive schemes for both its employees and certain estate agent partners. The Group recognised a total share-based payments charge of £4.9 million for 2016 (2015: £1.9 million) as set out below:

	2016 £000	2015 £000
Employee Share Option Scheme (i)	**486**	600
Long-Term Incentive Plan (ii)	**881**	600
Share Incentive Plan (iii)	**276**	231
Deferred Bonus Plan (iv)	**427**	175
Value Creation Plan (v)	**1,156**	—
Management deal related performance bonus (vi)	**358**	—
Warrant charges (vii)	**406**	117
National Insurance Contributions payable in respect of eligible share-based payment schemes (viii)	**862**	150
	4,852	1,873

i) Employee Share Option Scheme

The Group operates an equity-settled share-based incentive scheme which was in place prior to the Group's listing on the London Stock Exchange for all employees under an approved plan up to 31 May 2012 and an unapproved plan thereafter. The options vest in instalments over four years. Options are forfeited if the employee leaves the Group before the options vest. The Group recognised a charge of £0.5 million (2015: £0.6 million) in respect of options under this scheme.

The Employee Share Option Scheme will continue to operate until all shares vest or lapse, or the scheme is otherwise cancelled. There will be no future grants under this scheme.

Details of options under the scheme outstanding at 30 September 2016 are set out below:

	2016		2015	
	Number '000	**Weighted average exercise price £**	Number '000	Weighted average exercise price £
Outstanding options at the beginning of the year	**3,739**	**0.27**	5,693	0.26
Exercised during the year	**(653)**	**0.28**	(1,416)	0.21
Forfeited during the year	**(197)**	**0.34**	(538)	0.32
Outstanding options at the end of the year	**2,889**	**0.27**	3,739	0.27

The options outstanding at 30 September 2016 had a weighted average exercise price of £0.27 (2015: £0.27) and a weighted average remaining contractual life of 6.7 years (2015: 8.6 years). The range of exercise prices for outstanding options is £0.06 to £0.35 (2015: £0.06 to £0.35).

The number of options exercisable as at 30 September 2016 was 2,100,000 (2015: 2,023,000).

ii) Long-Term Incentive Plan

The Group operates an equity-settled Long-Term Incentive Plan that grants nil-cost options to eligible employees which vest at the end of a three year vesting period. The vesting of the options is subject to both Adjusted earnings per share (EPS) and Total Shareholder Return (TSR) performance criteria. The Group recognised a charge of £0.9 million (2015: £0.6 million) in respect of this scheme.

A total of 1,465,419 options have been granted in respect of the 2016 financial year. None of the options granted are exercisable as at 30 September 2016. The following information is relevant in the determination of the fair value of the LTIP options granted on 9 December 2015. There were no other material grants in 2016. The total outstanding number of LTIP options granted to date is 2,866,354.

	9 December 2015 grant
Valuation method – TSR	Monte-Carlo
Valuation method – EPS	Black-Scholes
Share price at grant date	£2.32
Exercise price	£nil
Expected volatility	32.9%
Expected life	3 years
Expected dividend yield	n/a
Risk-free interest rate	0.9%
Fair value per share – TSR	£1.41
Fair value per share – EPS	£2.32

The volatility assumption, measured at the standard deviation of expected share price returns, has been calculated using historical daily data of six comparator companies over a term commensurate with the expected life of each option. Dividend equivalent payments will be made in respect of vested options in the form of additional shares.

iii) Share Incentive Plan (SIP)

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that shares can be provided to UK employees under the SIP in a tax-efficient manner. Under the scheme employees may be awarded Free Shares and/or offered the opportunity to purchase Partnership Shares with one Free Matching Share for each Partnership Share purchased. During the period the Group granted a total of 92,581 Matching Shares all of which are still subject to forfeiture should the employee leave within 12 months of the grant date. The Group recognised a charge of £0.3 million (2015: £0.2 million) in respect of shares under this scheme.

iv) Deferred Bonus Plan

From 1 October 2014 the Group has operated a Deferred Bonus Plan (DBP) which defers a proportion of eligible employees' annual bonuses into nil-cost options. The options vest over a period of between one and three years from the end of the performance period. The performance period for the 2016 DBP runs from 1 October 2015 until 30 September 2016. The Group recognised a charge of £0.4 million (2015: £0.2 million) in respect of this scheme.   In December 2015 a total of 317,155 options were granted in respect of the 2015 financial year.

v) Value Creation Plan

On 1 October 2015 the Group launched the VCP. The VCP grants nil-cost options to the Group's CEO based on Total Shareholder Return over a three and four year period. The fair value of the scheme is £4.3m spread over the four year period. A charge of £1.2m (2015: £Nil) was recognised in the 2016 financial year. The following information is relevant in the determination of the fair value:

	1 October 2015 grant
Valuation method	Monte-Carlo
Share price at grant date	£2.10
Initial measurement price	£2.19
Exercise price	£nil
Expected volatility	26.4%
Expected life	3.24/4.24 years
Expected dividend yield	0.8%
Risk-free interest rate	0.5%

vi) Management deal related performance bonus

On 1 May 2016 an amendment was made to the uSwitch deal related management performance bonus such that the employee can elect to receive the bonus in the form of shares in Zoopla Property Group Plc's shares instead of a fixed cash element. The fair value of the employee's option to elect to receive shares is £1.3m to be spread over the 2.08 year remaining term of the bonus agreement. The Group recognised a charge of £0.4 million (2015: £Nil) in respect of this scheme. The following information is relevant in determination of the fair value:

	1 May 2016 grant
Valuation method	Black-Scholes
Share price at grant date	£2.94
Deemed exercise price	£2.71
Expected volatility	32.9%
Expected life	2.08 years
Expected dividend yield	1.01%
Risk-free interest rate	0.97%

vii) Warrants

The Group has entered into agreements with a number of estate agent partners whereby the partners agree to pay annual fees for advertising on the Group's property websites over a five year period in exchange for a fixed number of warrants over Ordinary Shares. The warrants are issued annually over the five year term of the agreements at an exercise price equal to the nominal value of each share (£0.001). Some or all of the warrants are forfeited if service agreements are terminated before the end of the term.

Between 11 February 2016 and 17 February 2016 Zoopla Property Group Plc purchased 188,340 of its own shares, which are held in treasury, to settle future warrant exercises. 162,789 shares remained in treasury at 30 September 2016.

The total charge recognised for the year ended 30 September 2016 in respect of warrants was £0.4 million (2015: £0.1 million).

	2016		2015	
	Number '000	**Weighted average exercise price £**	Number '000	Weighted average exercise price £
Outstanding warrants at the beginning of the year	**114,009**	**0.001**	—	—
Issued during the year	**142,861**	**0.001**	137,779	0.001
Exercised during the year	**(25,551)**	**0.001**	(23,770)	0.001
Outstanding warrants at the end of the year	**231,319**	**0.001**	114,009	0.001

The number of warrants outstanding at 30 September 2016 was 231,319 (2015: 114,009). The warrants had a weighted average exercise price of £0.001 and a weighted average remaining contractual life of 3.9 years (2015: 4.4 years).

The number of warrants issuable over shares in Zoopla Property Group Plc under existing partner contracts is 1,055,000 (2015: 1,198,300). The warrants will be issued with an exercise price of £0.001 over the lives of the contracts.

vii) National Insurance Contributions (NIC)

National Insurance Contributions are payable in respect of certain share-based payment schemes. These contributions are treated as cash-settled transactions and are accrued at a rate of 13.8%. The total NIC charge relating to share-based payment schemes was £0.9m (2015: £0.2m).

viii) The Employee Benefit Trust and Share Incentive Plan Trust

Employee Benefit Trust (EBT)

The Group has established an Employee Benefit Trust which is constituted by a trust deed entered into between the Company and Appleby Trust (Jersey) Limited. The Trust held 3,838,636 Ordinary Shares in Zoopla Property Group Plc at 30 September 2016 (2015: 4,491,861). These shares are held to satisfy future exercises under the Group's share-based payment schemes. Shares are allocated by the Trust when the awards are exercised. The Trust waives its right to any dividends. The market value of the shares held in the Trust at 30 September 2016 was £14.6 million (2015: £9.4 million). The cost of the shares has been deducted from equity.

Share Incentive Plan Trust (SIP Trust)

The Group has established a Share Incentive Plan Trust which is constituted by a trust deed which was entered into between Zoopla Property Group Plc and Yorkshire Building Society. The Trust held 602,817 Ordinary Shares in Zoopla Property Group Plc at 30 September 2016 (2015: 427,515). These shares are held to satisfy future Free Share and Partnership and Matching Share exercises. Shares are allocated by the Trust when the awards are exercised. Dividends paid on shares held in the Trust are passed to the employees when the shares are allocated. The market value of the shares held in the Trust at 30 September 2016 was £2.0 million (2015: £0.9 million). The cost of the shares has been deducted from equity.

25. Related party transactions

a) Key Management personnel

The Chairman and the Directors are considered to be the key Management personnel of the Group along with the Managing Directors of Property and Comparison Services. Details of remuneration for key Management personnel are shown in Note 7.

No share options were exercised by key Management personnel in the period.

Further information on the remuneration of the Chairman and the Directors can be found in the Directors' remuneration report in the Group's Annual Report 2016.

b) Other Group companies

Details of transactions with subsidiaries are outlined in the Company's financial statements. Transactions with other Group companies have been eliminated on consolidation.

c) Other related parties

Other related party transactions are as follows:

At 30 September 2016 Daily Mail and General Trust plc (DMGT) owned 31.3% of the share capital of Zoopla Property Group Plc (2015: 31.3%).

A&N Media Finance Services Limited (ANMFS), a subsidiary of DMGT, supplied various shared services to ZPG Limited for which the fee was £38,000 (2015: £43,000) for the year. The balance outstanding at 30 September 2016 was £Nil (2015: £Nil).

There are no further related party transactions.

26. Financial instruments

Carrying amount and fair value of financial assets and liabilities

All financial assets, including cash and cash equivalents, are designated as "Loans and receivables" and are held at amortised cost other than "Available for sale" financial assets which are held at fair value as disclosed in Note 16. All financial liabilities are classified as Other liabilities and are measured at amortised cost. The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements are approximate to their fair values.

Financial risk management

The Group is exposed to the following risks from financial instruments:

- credit risk;
- market risk; and
- liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or bank ("counterparty") fails to meet its contractual obligations resulting in financial loss to the Group. The Group's maximum exposure to credit risk at the end of each period was equal to the carrying amount of financial assets recorded in the financial statements. The exposure to credit risk is influenced by the individual characteristics of each counterparty.

The potential for customer default varies between the Group's two divisions. The customer base of the Property Services division is large, so there is no significant concentration of credit risk. The Comparison Services division operates in a market with a small number of customers, which creates a concentration of debtor balances, and from time to time the amounts due from one or a number of suppliers may be material. However, customers within this market are often large energy and telecommunications organisations with high credit ratings and access to significant funds. The Group's largest customer contributed to 18% (2015: 19%) of the Group's trade receivables balance.

The Group manages counterparty risk on its trade receivables through strict credit control quality measures and regular aged debt monitoring procedures. The Group reserves the right to charge interest on overdue receivables, although it does not hold collateral over any trade receivable balances. Overdue amounts are regularly reviewed and impairment provisions are created where necessary. This provision is reviewed regularly in conjunction with a detailed analysis of ageing profile, historical payment profiles and past default experience. The Group has long-standing relationships with its key customers and extremely low historical levels of customer credit defaults.

The ageing of trade receivables at the period end is as follows:

	2016		2015	
	Gross £000	**Provision £000**	Gross £000	Provision £000
0–30 days	**4,634**	**—**	7,205	—
31–60 days	**3,154**	**(104)**	1,234	—
61–90 days	**721**	**(151)**	400	(38)
91+ days	**767**	**(125)**	680	(631)
Total	**9,276**	**(380)**	9,519	(669)

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was granted up to the period end date.

Receivables written-off during the year to 30 September 2016 was £470,000 (2015: 333,000). As at 30 September 2016 receivables of £1,386,000 were past due but not impaired (2015: £1,314,000).

The credit risk associated with bank and deposit balances is mitigated by the use of banks with good credit ratings.

Market risk

Market risk is the risk that changes in foreign exchange and interest rates will affect the income and financial management of the Group. The Group is not exposed to any significant currency risk and there is a minimal interest rate risk on cash and bank balances. However, the Group has borrowings subject to an interest rate calculated with reference to Libor. Changes in interest rates therefore impact the financial results of the Group. The Directors actively monitor interest rate risk and note that interest rates remain at a historical low. The Directors believe that any reasonable increase in the Libor rate would not significantly impact the Group. Therefore, the Group does not hedge its interest rate risk at this time. At 30 September 2016 borrowings of £151.5 million were subject to floating interest rates (2015: £114.0 million).

At 30 September 2016 if Libor were to have increased by 1% throughout the year with all other variables held constant profit before tax would decrease by £1.2 million (2015: £0.4 million) as a result of additional interest incurred. Therefore, the Directors are comfortable that any sensitivity to fluctuations in interest or exchange rates would not have a material impact on the results of the Group.

Liquidity risk

Liquidity risk refers to the ability of the Group to meet the obligations associated with its financial liabilities that are settled in cash as they fall due. Management regularly reviews performance against budgets and forecasts to ensure sufficient cash funds are available to meet its contractual obligations.

The Group's activities are highly cash generative allowing it to effectively service working capital requirements. At 30 September 2016 the Group held total cash and cash equivalents of £3.4 million (2015: £19.2 million) and net debt of £146.3 million (2015: £93.2 million).

The Group has access to a £200.0 million revolving credit facility (RCF), of which £151.5 million was drawn-down at 30 September 2016. The remaining £48.5 million undrawn facility allows the Group to secure additional external financing should it be required. The total facility requires the Group to meet certain covenants based on the Group's interest cover and net debt to Adjusted EBITDA ratio. Exceeding the covenants would result in the Group being in breach of the facility, which may lead to the facility being withdrawn. Management regularly monitors and models covenant compliance and prepares detailed forecasts to ensure that sufficient headroom is available. The Directors are satisfied that there is reasonable headroom on each of the Group's debt covenant ratios.

The following tables detail the Group's remaining contractual maturities for undiscounted financial liabilities, including interest. The contractual maturity is based on the earliest date on which the Group may be required to settle. Where interest rates are variable the undiscounted amount is derived from interest rate curves at 30 September 2016.

	Effective interest rate	Within 1 year £000	1 to 2 years £000	2 to 5 years £000	More than 5 years £000	Total contractual amount £000
2016						
Trade payables		7,618	—	—	—	7,618
Borrowings[1]	2.9%	4,096	4,535	158,927	—	167,558
Total		**11,714**	**4,535**	**158,927**	—	**175,176**
2015						
Trade payables		5,507	—	—	—	5,507
Borrowings[1]	3.0%	2,920	3,222	123,513	—	129,655
Total		8,427	3,222	123,513	—	135,162

1 Interest on the Group's borrowings assumes that the Group makes no further capital repayments until maturity of the RCF in 2020.

Treasury and capital risk management

The Group's policy is to actively manage its cash and capital structure to ensure that it complies with its current debt covenant ratios, maintains its current dividend policy and minimises the Group's interest payments by paying down its debt where possible.

Management will consider the use of excess cash, including the payment of special dividends to shareholders and M&A activity, based on the risks and opportunities of the Group at that time.

The Directors can manage the Group's capital structure through the issue or redemption of either debt or equity instruments and by adjustment to the Group's dividend paid to equity holders. The Directors believe that the current debt to equity ratio remains appropriate but continue to monitor the efficiency of the capital structure on an ongoing basis.

27. Operating lease commitments

At the statement of financial position date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £000	2015 £000
Within one year	3,267	1,139
In the second to fifth year inclusive	13,067	3,565
After five years	27,214	2,306
	43,548	7,010

All operating lease commitments are in respect of property leases held by the Group.

28. Subsequent events

On 28 November 2016 the Group entered into an agreement to purchase 100% of the issued share capital of Technicweb Limited for initial consideration of £1.5 million, deferred consideration of £250,000 due 12 months from the date of completion and earn-out consideration based on performance over a 30 month period post acquisition.

There have been no other reportable subsequent events between 30 September 2016 and the date of signing of this report.

29. Ultimate controlling party

The Directors are of the opinion that there was no ultimate controlling party in either period presented.

Company statement of financial position

As at 30 September 2016

	Notes	2016 £000	2015 £000
Assets			
Non-current assets			
Investment in subsidiaries	4	**250,790**	200,478
Intangible assets		**128**	—
Property, plant and equipment	5	**5,315**	—
Trade and other receivables	6	**74,698**	77,446
Deferred tax assets		**600**	183
		331,531	278,107
Current assets			
Trade and other receivables	6	**9,092**	164
Cash and cash equivalents		**414**	4,668
		9,506	4,832
Total assets		**341,037**	282,939
Liabilities			
Current liabilities			
Trade and other payables	7	**27,732**	21,905
Deferred and contingent consideration	8	**28,143**	35,393
Non-current liabilities			
Loans and borrowings	9	**149,696**	112,432
Deferred and contingent consideration	8	**2,533**	2,739
Provisions	10	**1,375**	—
Total liabilities		**209,479**	172,469
Net assets		**131,558**	110,470
Equity			
Share capital	11	**418**	418
Share premium reserve		**50**	50
Other reserves	11	**90,137**	90,495
Retained earnings		**40,953**	19,507
Total equity		**131,558**	110,470

The financial statements of Zoopla Property Group Plc (company number 09005884) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

A Chesterman	**A Botha**
Director	***Director***
29 November 2016	*29 November 2016*

Company statement of cash flows

For the year ended 30 September 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit before tax	**33,649**	26,119
Adjustments for:		
Finance income	**(1,615)**	(618)
Finance costs	**3,559**	1,162
Dividend income received	**(47,000)**	(35,000)
Transaction costs on acquisition of Property Software Group	**1,256**	5,130
Movement in contingent and deferred consideration	**7,075**	2,142
Operating cash flow before changes in working capital	**(3,076)**	(1,065)
Decrease in trade and other receivables	**21,093**	9,669
Increase in trade and other payables	**4,984**	20,477
Net cash flows from operating activities	**23,001**	29,081
Cash flows (used in)/from investing activities		
Acquisition of subsidiaries	**(49,892)**	(155,540)
Settlement of deferred and contingent consideration	**(37,042)**	—
Amounts paid into escrow in relation to deferred and contingent consideration	**(2,448)**	(7,436)
Purchase of property, plant and equipment	**(3,441)**	—
Interest income received	**1,615**	618
Dividend income received	**47,000**	35,000
Net cash flows used in investing activities	**(44,208)**	(127,358)
Cash flows from/(used in) financing activities		
Proceeds on issue of debt, net of issue costs	**89,358**	123,291
Repayment of debt	**(52,500)**	(11,000)
Interest paid	**(2,937)**	(779)
Treasury shares purchased	**(414)**	—
Dividends paid	**(16,554)**	(8,667)
Net cash flows from financing activities	**16,953**	102,845
Net (decrease)/increase in cash and cash equivalents	**(4,254)**	4,568
Cash and cash equivalents at beginning of period	**4,668**	100
Cash and cash equivalents at end of period	**414**	4,668

Company statement of changes in equity

For the year ended 30 September 2016

	Share capital £000	Share premium reserve £000	Treasury shares £000	Merger reserve £000	Retained earnings £000	**Total equity £000**
At 1 October 2015	418	50	—	90,495	19,507	**110,470**
Profit and total comprehensive income for the period	—	—	—	—	34,066	**34,066**
Transactions with owners recorded directly in equity:						
Share-based payments	—	—	—	—	3,990	**3,990**
Treasury shares purchased	—	—	(414)	—	—	**(414)**
Treasury shares released	—	—	56	—	(56)	**—**
Dividends paid	—	—	—	—	(16,554)	**(16,554)**
At 30 September 2016	**418**	**50**	**(358)**	**90,495**	**40,953**	**131,558**

	Share capital £000	Share premium reserve £000	Treasury Shares £000	Merger reserve £000	Retained earnings £000	Total equity £000
At 1 October 2014	418	50	—	90,495	151	91,114
Profit and total comprehensive income for the period	—	—	—	—	26,302	26,302
Transactions with owners recorded directly in equity:						
Dividends paid	—	—	—	—	(8,667)	(8,667)
Share-based payments	—	—	—	—	1,721	1,721
At 30 September 2015	418	50	—	90,495	19,507	110,470

Notes to the Company financial statements

1. Accounting policies and basis of accounting

The Directors have applied International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies and the financial risk management policies, where relevant to the Company, are consistent with those of the consolidated Group as set out in Notes 1 to 29 of the consolidated financial statements.

Statement of comprehensive income

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and has not presented a statement of comprehensive income. The profit for the period ended 30 September 2016 was £34.1 million (2015: £26.3 million).

2. Auditor's remuneration

The Company incurred a cost of £65,000 (2015: £55,000) for statutory audit services for the period ended 30 September 2016. The Company incurred a cost of £28,000 (2015: £Nil) in relation to non-audit fees provided by the statutory auditor.

3. Employee costs and Directors' remuneration

The Company has no employees other than the Directors of the Company. Remuneration paid to the Directors was accounted for and paid by the Company's subsidiary, ZPG Limited. Details of Directors' remuneration are set out in the Directors' remuneration report in the Group's Annual Report 2016.

4. Investments in subsidiaries

Investments in subsidiaries are valued at cost less any provision for impairment. The investment in subsidiaries balance of £250.8 million represents the Company's 100% shareholding in ZPG Limited, Ulysses Enterprises Limited and Property Software Holdings Limited as set out in note 13 to the consolidated financial statements. Property Software Holdings Limited was acquired on 28 April 2016 as detailed in note 13 to the consolidated financial statements. Ulysses Enterprises Limited was acquired on 1 June 2015 as set out in the 2015 Annual Report.

During the year the Company recognised an increase in the investment in ZPG Limited and Ulysses Enterprises Limited in respect of the Group's employee share schemes. Consistent with the Group accounting policies outlined in Note 1.19 to the consolidated financial statements, equity-settled share options granted directly to a subsidiary's employees are treated as a capital contribution to the subsidiary. The capital contribution is measured by reference to the consolidated share-based payments charge and is recognised as an increase in the cost of investment with a corresponding credit to retained earnings.

	ZPG Limited £000	Ulysses Enterprises Limited £000	Property Software Holdings Limited £000	Total £000
At 1 October 2015	93,053	107,425	—	200,478
Acquisition of Property Software Group	—	—	46,324	46,324
Share based payment – Capital contribution	3,630	358	—	3,988
At 30 September 2016	**96,683**	**107,783**	**46,324**	**250,790**
At 1 October 2014	91,332	—	—	91,332
Acquisition of Ulysses Enterprises Limited	—	107,425	—	107,425
Share based payment – Capital contribution	1,721	—	—	1,721
At 30 September 2015	93,053	107,425	—	200,478

5. Property, plant and equipment

	Fixtures and fittings £000	Computer equipment £000	Leasehold improvements £000	Total £000
Cost				
At 1 October 2015	—	—	—	—
Additions	545	440	4,330	5,315
At 30 September 2016	**545**	**440**	**4,330**	**5,315**
Accumulated depreciation				
At 1 October 2015	—	—	—	—
Charge for the year	—	—	—	—
At 30 September 2016	—	—	—	—
Net book value				
At 30 September 2016	**545**	**440**	**4,330**	**5,315**
At 30 September 2015	—	—	—	—

6. Trade and other receivables

	2016 £000	2015 £000
Amounts receivable from Group Companies	**73,405**	70,000
Prepayments	**501**	164
Amounts held in escrow	**9,884**	7,446
	83,790	77,610
Current	**9,092**	164
Non-current	**74,698**	77,446
	83,790	77,610

The Directors consider that the carrying value of trade and other receivables are approximate to their fair value.

Amounts held in escrow are held for the settlement of deferred consideration due on the acquisition of uSwitch.

The Company has a receivable of £48.5 million due from Ulysses Enterprises Limited and £22.9 million from Property Software Holdings Limited. Both amounts are designated as unsecured, intercompany loans. The loans accrue interest at Libor + 2% and have no fixed repayment dates. A trading balance of £2.0m is due from Ulysses Enterprises Limited. No interest is receivable on the balance. The Company is comfortable that these amounts are recoverable in full.

7. Trade and other payables

	2016 £000	2015 £000
Trade payables	**270**	11
Accruals	**5,964**	1,894
Amounts payable to Group companies	**21,498**	20,000
	27,732	21,905

At 30 September 2016 a trading balance of £21.5 million is due to ZPG Limited. No interest is payable on the balance.

The Directors consider that the carrying value of trade and other payables are approximate to their fair value. All trade and other payables are classified as current liabilities.

Details of the Group's exposure to liquidity risk are given in Note 26 to the consolidated financial statements.

8. Deferred and contingent consideration

Details of deferred and contingent consideration are given in Note 19 to the consolidated financial statements.

9. Loans and borrowings

Details of loans and borrowings are given in Note 21 to the consolidated financial statements.

10. Provisions

The movement in provisions can be analysed as follows:

	Dilapidation provisions £000
At 1 October 2015	—
Charged in the period	1,375
At 30 September 2016	**1,375**

The dilapidation provisions relate to Management's best estimation of costs to make good the Company's leasehold property at the end of the lease term. The charge in the period represents expected exit costs on completion of the Company's property lease.

11. Equity

Share capital

Details of the Company's share capital are included in Note 23 to the consolidated financial statements.

Other reserves – merger reserve

The merger reserve represents the difference between the investment recognised in ZPG Limited on restructuring in 2014 of £90.9 million and the value of the shares issued of £0.4 million.

Other reserves – treasury shares

Between 11 February 2016 and 17 February 2016 the Group acquired 188,340 of its own shares at a weighted average price of 220.0p in order to settle the exercise of outstanding warrants. As at 31 March 2016 25,551 of the shares had been released from treasury to satisfy warrant exercises, leaving 162,789 shares in treasury with a weighted average price of 220.0p and a carrying value of £358,000. The market value of treasury shares as at 30 September 2016 is £530,000.

12. Financial instruments

The IFRS 7 – Financial Instruments disclosures, where relevant to the Company, are consistent with those of the Group as set out in Note 26 to the consolidated financial statements.

13. Related parties

a) Key Management personnel

There are no employees of the Company. The Directors are employed and/or remunerated by the Company's subsidiary, ZPG Limited. There were no transactions during the year between the Directors and the Company other than the issue of shares and share options as outlined in the Directors' remuneration report in the Group's Annual Report 2016.

b) Subsidiaries

Transactions with subsidiaries

On 28 April 2016 the Company acquired Property Software Holdings Limited and its subsidiaries as set out in Note 13 to the consolidated financial statements. The transaction included Zoopla Property Group Plc assuming and discharging external debt of £24.9 million through an intercompany loan with Property Software Holdings Limited. During the period to 30 September 2016 Property Software Holdings Limited repaid £2.0 million of this balance to the Company.

During the year to 30 September 2016 Ulysses Enterprises Limited made a drawdown of £8.0 million and repaid £28.8 million in respect of the intercompany loan with the Company.

During the year ZPG Limited paid dividends of £33.0 million (2015: 35 million) to the Company.

During the year Ulysses Enterprises Limited paid dividends of £14.0 million (2015: £Nil) to the Company.

The Company issues shares to employees and estate agent partners of its subsidiaries as part of the Group's share-based payment and warrant schemes as set out in Note 24 to the consolidated financial statements.

There have been no other transactions with the Company's subsidiaries during the year.

Year end balances with subsidiaries

At 30 September 2016 £48.5 million of the intercompany loan due from Ulysses Enterprises Limited was outstanding. Interest at Libor + 2% per annum is due on the outstanding balance.

At 30 September 2016 £22.9 million of the intercompany loan due from Property Software Holdings Limited was outstanding. Interest at Libor + 2% per annum is due on the outstanding balance.

At 30 September 2016 a trading balance of £2.0m is due from Ulysses Enterprises Limited. No interest is receivable on the balance.

At 30 September 2016 a trading balance of £21.5 million is due to ZPG Limited. This amount will be settled on receipt of any dividend from ZPG Limited. No interest is payable on the balance.

There were no other related party transactions in the period.

c) Other related parties

There were no transactions between the Company and any other related parties.

14. Subsequent events

On 28 November 2016 the Group entered into an agreement to purchase 100% of the issued share capital of Technicweb Limited for initial consideration of £1.5 million, deferred consideration of £250,000 due 12 months from the date of completion and earn-out consideration based on performance over a 30 month period post acquisition.

There have been no other reportable subsequent events between 30 September 2016 and the date of signing of this report.

15. Ultimate controlling party

The Directors are of the opinion that there was no ultimate controlling party in either period presented.