

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

PSP award holders are entitled to receive dividends accruing between the grant date and the vesting date and this value will be delivered in shares. The assumptions used in the measurement of the fair value at grant date of the PSP awards are as follows:

Grant date	Condition	Share price at grant date £	Exercise price £	Expected volatility %	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
19 June 2015	TSR dependent	3.06	Nil	30	3.0	0.9	0.0	0.0	2.08
19 June 2015	UOP dependent	3.06	Nil	n/a	3.0	0.9	0.0	0.0	3.06
17 June 2016	TSR dependent	3.89	Nil	29	3.0	0.4	0.4	0.0	2.16
17 June 2016	UOP dependent	3.89	Nil	n/a	3.0	0.4	0.4	0.0	3.89
16 June 2017	TSR dependent	4.00	Nil	31	3.0	0.2	0.0	0.0	2.17
16 June 2017	OP dependent	4.00	Nil	n/a	3.0	0.2	0.0	0.0	4.00
30 August 2017	TSR dependent	3.42	Nil	31	3.0	0.2	0.0	0.0	2.17
30 August 2017	OP dependent	3.42	Nil	n/a	3.0	0.2	0.0	0.0	3.42
17 August 2018	OP dependent	4.48	Nil	n/a	3.0	0.7	1.7	0.0	4.48
17 August 2018	Revenue dependent	4.48	Nil	n/a	3.0	0.7	1.7	0.0	4.48

Expected volatility is estimated by considering historic average share price volatility at the grant date.

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

	2019 Number	2018 Number
Outstanding at 1 April	3,104,563	2,682,738
Options granted in the year	452,695	1,188,149
Dividend shares awarded	9,749	-
Options forfeited in the year	(105,213)	(766,324)
Options exercised in the year	(483,316)	-
<b>Outstanding at 31 March</b>	<b>2,978,478</b>	3,104,563
<b>Exercisable at 31 March</b>	<b>721,269</b>	-

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

#### Deferred Annual Bonus and Single Incentive Plan

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

#### Deferred Annual Bonus

The Group operates a Deferred Annual scheme ('DABP') for Executive Directors and certain key senior executives. Awards under the plan are contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. Awards have a vesting period of two years from the date of the award (the 'Vesting Period') and are potentially forfeitable during that period should the employee leave employment. The DABP awards have been valued using the Black-Scholes method and the resulting share-based payments charge is being spread evenly over the combined Performance Period and Vesting Period of the shares, being three years.

On 16 June 2018, the Group awarded 71,552 nil cost options under the DABP scheme. The assumptions used in the measurement of the fair value at grant date of the DABP awards are as follows:

Grant date	Share price at grant date £	Exercise price £	Option life years	Risk-free rate %	Dividend yield %	Non-vesting condition %	Fair value per option £
17 June 2016	3.89	Nil	2.0	0.4	0.4	0.0	3.89
16 June 2017	4.00	Nil	2.0	0.2	0.0	0.0	4.00
17 August 2018	4.48	Nil	2.0	0.7	1.7	0.0	4.48