

Other intangibles include customer relationships, technology, trade names, trademarks and non-compete agreements. Intangible assets which have a finite useful life are carried at cost less accumulated amortisation. Amortisation of these intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (three to fifteen years). The longest estimated useful life remaining at 31 March 2019 is five years.

For the year to 31 March 2019, the amortisation charge of £4.0m (2018: £4.1m) has been charged to administrative expenses in the income statement. At 31 March 2019, £0.1m (2018: £0.1m) of software and website development costs represented assets under construction. Amortisation of these assets will commence when they are brought into use.

In accordance with International Financial Reporting Standards, goodwill is not amortised, but instead is tested annually for impairment, or more frequently if there are indicators of impairment. Goodwill is carried at cost less accumulated impairment losses.

Impairment test for goodwill

Goodwill is allocated to the appropriate cash-generating unit ('CGU') based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill. The recoverable amount of the CGU is determined from value-in-use calculations that use cash flow projections from the latest three-year plan. The carrying value of CGUs is the sum of goodwill, property, plant and equipment and intangibles and is as follows:

	2019 £m	(Restated) 2018 £m
Digital	327.6	342.6
Webzone	6.6	6.9
Total	334.2	349.5

Income and costs within the budget are derived on a detailed 'bottom up' basis – all income streams and cost lines are considered and appropriate growth, or decline, rates are assumed. Income and cost growth forecasts are risk adjusted to reflect specific risks facing each CGU and take into account the markets in which they operate. Key assumptions include revenue growth rates, associated levels of marketing support and directly associated overheads. All assumptions are based on past performance and management's expectation of market development. Cash flows beyond the budgeted period are extrapolated using the estimated growth rate stated into perpetuity which is consistent with industry reports. Other than as included in the financial budgets, it is assumed that there are no material adverse changes in legislation that would affect the forecast cash flows.

The pre-tax discount rate used within the recoverable amount calculations was 8.5% (2018: 8.0%) and is based upon the weighted average cost of capital reflecting specific principal risks and uncertainties. The discount rate takes into account the risk-free rate of return, the market risk premium and beta factor reflecting the average beta for the Group and comparator companies which are used in deriving the cost of equity.

The same discount rate has been applied to both CGUs as the principal risks and uncertainties associated with the Group, as highlighted on pages 30 to 33, would also impact each CGU in a similar manner. The Board acknowledges that there are additional factors that could impact the risk profile of each CGU, which have been considered by way of sensitivity analysis performed as part of the annual impairment tests.

Key drivers to future growth rates are dependent on the Group's ability to maintain and grow income streams whilst effectively managing operating costs. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections. Where the value-in-use calculations suggest an impairment, the Board would consider alternative use values prior to realising any impairment, being the fair value less costs to dispose.

The key assumptions used for value-in-use calculations are as follows:

	2019	2018
Annual growth rate (after plan period)	3.0%	3.0%
Risk free rate of return	3.0%	3.0%
Market risk premium	5.0%	4.9%
Beta factor	0.83	0.79
Cost of debt	3.3%	3.3%

Having completed the 2019 impairment review, no impairment has been recognised in relation to the CGUs (2018: no impairment). Sensitivity analysis has been performed in assessing the recoverable amounts of goodwill. There are no changes to the key assumptions of growth rate or discount rate that are considered by the Directors to be reasonably possible, which give rise to an impairment of goodwill relating to the CGUs.