

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** CONTINUED

For the year-ended 31 March 2019

**14 Taxation** continued

Consequently, the net tax balance sheet position for uncertain tax positions is \$23.7M (2018 \$20M). The Group anticipates that a number of tax audits are likely to conclude in the next 12 to 24 months. Due to the uncertainty associated with such tax items, it is possible at a future date, on the conclusion of open tax matters, the final outcome may vary significantly.

The change in tax rate during the year occurs in respect of the re-measurement of a deferred tax asset due to the future reduction of the UK tax rate.

**Expected Future Rate**

Over the medium-term the tax rate is likely to stabilise as the integration of acquisitions in higher rate jurisdictions are completed. However, the tax rate may fluctuate if business changes are implemented in response to legislation arising from the OECD's Base Erosion & Profit Shifting Project. Legislative change in key territories is being monitored and acted upon.

The Group does not anticipate any significant impact on the future tax charge, liabilities or assets, as a result of the triggering of Article 50(2) of the Treaty on European Union, but cannot rule out the possibility that, for example, a failure to reach satisfactory arrangements for the UK's future relationship with the European Union, could have an impact on such matters.

The European Commission has concluded its investigation into the UK's controlled foreign company ("CFC") rules. The CFC rules levy a charge on foreign entities controlled by the UK that are subject to a lower rate of tax, however there is currently an exemption available for 75% of this charge if the activities being undertaken by the CFC relate to financing. The EC concluded that this exemption is in breach of EU State Aid rules. However, whilst we are awaiting further detail from HMRC, the position has not changed from a tax accounting perspective. The risk is possible, but not probable. UK ministers have yet to decide on whether to pursue an appeal. No provision for this potential liability of \$3.6M has been provided in these Consolidated Financial Statements as it is not clear what, if any, the ultimate financial result will be.

Deferred tax assets and liabilities are attributable to the following:

	<b>31 March 2019</b>	<b>31 March 2018</b> <b>Restated</b> <b>See note 2</b>
	<b>\$M</b>	<b>\$M</b>
<b>Deferred income tax assets in relation to:</b>		
Deferred revenue	40.9	40.0
Tax value of carry forward losses of UK subsidiaries	37.0	24.2
Tax value of carry forward losses of overseas subsidiaries	6.2	6.4
Advanced capital allowances	7.5	7.7
Share-based payments	11.6	27.7
Other temporary differences	11.8	14.7
<b>Total</b>	<b>115.0</b>	<b>120.7</b>
<b>Deferred income tax liabilities in relation to:</b>		
Intangible assets	6.1	5.9
Deferred selling cost	8.5	8.5
Other temporary differences	-	0.1
<b>Total</b>	<b>14.6</b>	<b>14.5</b>