Company Registration No. 03612689

uSwitch Limited

Annual report and financial statements

For the year ended 30 September 2019

uSwitch Limited

Report and financial statements for the year ended 30 September 2019

Contents

uSwitch Limited

Officers and professional advisers

Directors

A Botha (Resigned 29 May 2019)
T Syed (appointed 16 October 2018)
D Chandler (appointed 11 March 2019)

Registered Office

The Cooperage
5 Copper Row
London
SE1 2LH

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3BF
United Kingdom

uSwitch Limited

Strategic report

Cautionary statement

The directors present their Strategic report of uSwitch Limited ("uSwitch" or "the Company") for the year ended 30 September 2019 ("2019"). The comparative period is for the year ended 30 September 2018 ("2018").

This Strategic report has been prepared to provide shareholders of the Company with additional information to assess the Company's strategies and the potential for those strategies to succeed. The Strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Business overview

The principal activity of the Company in the year under review was that of a price comparison and switching service. The Company earns revenue from the suppliers of products and/or services it compares on its websites or via its contact centres ("Partners").

The Company's operations generate revenues through services described below:

- Energy, which represents revenue generated from energy switching services, business energy and boiler cover;
- Communications, which represents revenue generated from mobile, broadband, pay TV and home phone switching services; and
- Finance, which represents revenue generated from financial product switching services including loans and credit cards.

The Company is a subsidiary of ZPG Comparison Services Holdings Limited and is part of the ZPG Group Companies, which comprises Zephyr Holdco Limited and its direct and indirect subsidiaries (the "Group")

Strategy and objectives

The Company supports the wider strategy of the Group in its mission to provide transparency to consumers to help them make smarter property and household decisions and deliver efficiency to the partners, helping them operate their *business more effectively.*

The Company has a leading position in the online Energy switching market and continues to develop its switching proposition in the Communications, money and insurance sectors (Finance) to provide diversity and increased growth opportunities.

uSwitch Limited

Strategic report (continued)

Financial performance

Overall, the Company's revenue decreased by 5%, from £140.9 million in 2018, to £134.0 million in 2019.

Profit for the year of £52.2 million has increased by 18%, from £44.3 million in 2018.

Financial position

The Company's Statement of financial position remains strong at 30 September 2019 as the business continues to generate high levels of cash. Net assets at 30 September 2019 were £69.5 million (2018: £32.6 million).

Dividends of £15.5 million were paid during the year to the Company's parent, ZPG Limited (2018: £22.0 million). The Company ended the year with £14.3 million of cash (2018: £10.3 million).

Future developments

The directors believe that uSwitch Limited is a sustainable business that can build on its market leading position in Energy and Communications switching and further develop its switching proposition in the money and insurance sectors to drive continued future growth and improving its marketing campaigns across all existing and emerging channels.

In regards to the current market uncertainty in relation to Covid-19, the Directors consider sufficient mitigating actions are in place and the Company continues to maintain its market position. Detailed analysis in response to Covid-19 are set out in the going concern section in the Strategic report.

Risk management, internal control and principal risks

The Company's activities expose it to a number of financial risks. Full details of the Group's risk management structure can be found in the Zephyr Holdco Limited Annual report and financial statements for the period ended 30 September 2019.

The Company's internal control framework is aligned to the "three lines of defence" model. Operational Management are the first line and they are primarily responsible for the direct management of risk, ensuring that appropriate mitigating controls are in place and that they are operating effectively. The second line is formed of the Company's internal governance functions such as compliance, commercial finance, legal, internal controls and risk. The third line includes other third-party advisors and experts and any other independent consultants reporting to the Board.

Risk is managed functionally and at a consolidated Group level. This structure enables the Company to ensure that risks are identified across its range of operations, including recent acquisitions. The risks are then escalated in a manner which is consistent and aligned with the strategic goals.

The Company will continue to assess its risk management processes to ensure that they remain fit for purpose.

The Company maintains a strategic risk register which is reviewed regularly by the directors. The likelihood and impact of each risk are both scored and combined to provide an overall risk score. Each risk within the register is scored twice: firstly, excluding the existence of mitigating controls (the inherent risk score) and then again once mitigating controls have been taken into account (the residual risk score). The difference between these scores allows Management and the directors to gain an understanding of the level of control the Company has over each risk.

The analysis contained within the risk register forms the basis of the principal risks and uncertainties detailed below. The risk factors described are not an exhaustive list or an explanation of all risks. Additional risks and uncertainties relating to the Company, including those that are not currently known to the Company or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business operations, results and/or financial condition.

uSwitch Limited

Strategic report (continued)

Key risk	Description and impact	Management and mitigation
Macroeconomic conditions The Company derives all its material revenues from markets within the UK. The Company is therefore dependent on the macroeconomic conditions in the UK and macro factors within each of its key markets.	The Company derives all its material revenues from markets within the UK. The Company is therefore dependent on the macroeconomic conditions in the UK and macro factors within each of its key markets. The Company is exposed to changes in consumer and partner behaviour and pricing driven by fluctuations within the energy, communication and banking markets, which could impact demand for the Company's services. Specific considerations on withdrawal of UK from the European Union and Covid-19 have been outlined on page 6.	• Regularly reviewing market conditions and indicators. • Analysis performed by CFO and Internal Controls Manager to understand the risks of Brexit and Covid-19 and the mitigating actions required. • 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 in order to provide protection against volatility within markets. • Promoting the benefit and potential savings for consumers of home services switching.
Competitive environment The Company operates in marketplaces which are highly competitive. The actions of the Company's competitors, and/or our own inaction, can have a significant and adverse impact on the Company.	If new or existing competitors can provide, or are perceived to provide, an enhanced partner or consumer service then there is a risk to the Company's forecasted revenue. The Company invests significantly in marketing to build brand awareness and drive traffic to its website. Increased digital marketing expenditure by competitors, or general price increases, may cause the Company to incur additional marketing spend to ensure that it can continue to compete effectively.	• Ensuring partners understand the unique value proposition that is provided through our websites. • Developing & maintaining strong consumer brands through PR / Brand advertising investment. • Diversifying risk through multiple revenue streams.
IT systems and cyber security Various IT systems within the Company are interdependent and a failure in one system or a security breach may disrupt the efficiency and functioning of the Company's operations. The Company holds consumer and partner data which could be susceptible to loss or theft.	Any failure of the Company's IT infrastructure through error or attack could impair the operation of the Company's website and services, the processing and storage of data and the day-to-day management of the Company's business. In addition, any theft or misuse of data held within the Company's databases could have both reputational and financial implications for the Company.	• Regularly testing the security of the IT systems and platforms, including penetration testing and testing of Distributed Denial of Service (DDoS) attack procedures. • Maintaining separate platforms for portals, and websites. • Restricting access to data, systems and code and ensuring all systems are secure and up to date.
Data Hacks and PII exposure The company is susceptible to an external hack which could lead to a loss of data, including personally identifiable information (PII).	The company holds PII data in various systems, therefore any loss of data through an external or internal hack could lead to a significant financial and/ or reputational damage.	• Experienced Head of IT in place to review the security environment. • Voluntarily engaged independent experts to perform a data governance audit. • Training schemes being coordinated related to data hacks/ governance. • Business Continuity Plan being coordinated ensuring mitigation plans are formalised in the event of a data hack.

uSwitch Limited

Strategic report (continued)

Key risk	Description and impact	Management and mitigation
Retention and recruitment Success depends on the continued retention and performance of the Company's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Company operates in markets with a high demand for high calibre personnel.	Competition for qualified talent is intense and an inability to attract highly skilled employees could adversely impact the Company's operations, financial condition or prospects. Similarly, an inability to motivate, develop and retain key team members could adversely impact the Company's operations, financial condition and prospects. The Company has a track record of growth through acquisition – an inability to retain key team members from these businesses could increase business risk in the event of reliance on their business-critical knowledge.	• Reorganisation and expansion of the Talent team, including hiring of more senior talent members. • Terms have been amended for agencies to positively impact recruitment process. • Careers website running. • New schemes launched to define purpose and behaviours. • Share schemes in place to improve staff retention. • Regular and ongoing Learning & Development activities held across the Company.
Data Protection Non-compliance with various data protection related acts could lead to significant penalties for the organisation.	Data protection entails various elements such as ensuring compliance with GDPR. Cookie laws, and direct marketing.	• Data protection officer ("DPO") position. • Privacy plan formalised by DPO. • Independent experts engaged to independently assess data governance structure. • Training for wider business being coordinated for data protection.
Regulatory Environment Certain revenue streams within the Company are regulated by the FCA. The Company also voluntarily complies with the Consumer Finance Association	There is a risk that changes to the regulatory environment could force the Company to revise its strategy, operations or business model. Changes in regulation may also impact the Company's profitability via increased compliance costs or a fall in revenues as a result of subsequent changes in consumer or partner behaviour.	• Maintaining regular open and constructive dialogue with all significant regulatory bodies. • Implementing processes to ensure compliance with all mandatory reporting obligations. • Employment of a dedicated Regulation and Compliance Office. • Diversification of products to prevent over reliance on a single product area that may be subject to change due to change in regulation.
Reputational and brand damage The Company operates an identifiable and respected brand which could be damaged by factors such as unethical or unlawful activity, poor customer service or negative press.	Damage to the Company's brand could lead to a fall in consumer confidence, reducing traffic and leads for the Company's partners and in turn impacting the Company's revenue. There is also a risk that the Company's partners may choose to terminate their existing relationship with the Company as a result of any reputational damage, which would directly impact the Company's revenues.	• Embedding a culture of transparency, social awareness and ethical behaviour throughout the Company. • Regularly reviewing the Company's risks and reviewing and developing internal control frameworks to mitigate the risk of error or fraud. • Executing the Company's strategy, which has both consumers and the Company's partners at its core. • Continually investing in the Company's brands.
Foreign exchange risk Potential Foreign Exchange volatility due to macroeconomic factors which impacts the business.	Since the result of the Brexit referendum, Sterling has devalued due to the uncertainty in the macroeconomic environment. This has significance as some supplier payments are made in foreign currencies.	• Close monitoring of the USD/EUR v GBP currency exposure in Finance team. • Spot rate trading being put in place to minimise Sterling outflows on supplier payments.

uSwitch Limited

Strategic report (continued)

Macroeconomic conditions - Withdrawal from the European Union

The result of the UK's EU referendum in 2016 increased the level of macroeconomic uncertainty, increasing the likelihood of the impacts outlined under "macroeconomic conditions" above.

Consistent with 2018 the directors believe that the Company's strategy creates a diverse revenue base which means it is well placed to mitigate any negative impacts resulting from the UK's withdrawal from the European Union. In particular:

- continuously monitoring and reviewing the wider market conditions and potential impacts on the Company including any changes to regulation of the financial services sector;
- an economic downturn increases the propensity for consumers to search for the best deals to save money on their household expenses; and a weaker Pound may lead to higher price inflation in areas such as energy bills, which may benefit the Company.

Covid-19 pandemic

At the date of approval of the annual report and financial statements there remains uncertainty in relation to the future impact that the Covid-19 pandemic will have on the global economy, and on the Company as a consequence. The Directors' considered view is that principal risk of the Covid-19 pandemic crisis to the Company is that some customers cease trading - or there is a delay in settlement of their payments. The Directors have therefore taken immediate measures which will conserve cash resources for the Company, and are monitoring the evolving situation closely. Additionally, the Directors have a range of further mitigating actions that can be taken in order to both maintain the Company's operating capabilities and to enable it to meet its future liabilities as they fall due. The potential impacts of the Covid-19 pandemic crisis are set out in more detail in the going concern section of the Strategic report.

Corporate and social responsibility

As part of the Group the Company's and the Group's corporate and social responsibility policies can be found in the Zephyr Holdco Limited Annual report and financial statements for the period ended 30 September 2019.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors have considered the financial projections of the Company, which covers a period of 12 months from the date of signing the financial statements.

The Covid-19 crisis is likely to have an impact on the Company's operations over the next 12 months. Therefore, in order to gain comfort over the Company's ability to continue as a going concern, the Directors have modelled the Company's cash flow position in relation to the current situation for the 12 months following the date of the signing of the financial statements. The model is based on the existing cost reallocation approach applied to the financial statements. The model includes a slight downturn in revenue and cash collection due to Covid-19; as a result of the downturn in revenue, cost reductions to operating expenditure which have been actioned or are discretionary, such as marketing and overheads, are also applied, which are in line with the scale of the revenue reduction.

The 12 months cash flow forecast shows an increase in the Company's cash reserves and a continued increase in cash throughout the first half of 2021. This is because the business has not been significantly impacted by the Covid-19 crisis as trading of core Home Services products (including Energy and Telecoms) has remained only minimally impacted. As at the reporting date, the Company has a positive cash balance of £14.3m and net current asset of £67.7m. The cash position and net current asset position remain positive on the signing date.

The modelling, and the mitigating actions taken, give the Directors the confidence they need in order to conclude that there are no material uncertainties surrounding the Company's ability to continue as a going concern.

This Strategic report was approved by the Board and signed on its behalf by:

D Chandler
Director
Jun 29, 2020
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uSwitch Limited

Directors' report

The directors present their report of uSwitch Limited ("uSwitch" or "the Company") for the year ended 30 September 2019 ("2019"). The comparative period is for the year ended 30 September 2018 ("2018").

Certain disclosure requirements for inclusion in this report have been incorporated by way of cross reference to the Strategic report and should be read in conjunction with this report. The following also form part of this report:

- Strategy and objectives, including likely future developments in the business on pages 2-3; and
- Use of financial instruments in Note 1.10.

Principal activities

The principal activity of the Company is that of a price comparison and switching service. The Company earns revenue from the suppliers of products and/or services it compares on its website or via its contact centre.

Directors

The directors who served during the period, except as noted, and since the period end were as follows:

A Botha	Resigned 29 May 2019
T Syed	Appointed 16 October 2018
D Chandler	Appointed 11 March 2019

Directors' indemnities and insurance

The Company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report. The Company's parent has also arranged directors' and officers' insurance cover in respect of legal action against the directors of the Group. The policy includes cover for the directors of the Company. Neither the indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Results and dividends

The results of the Company are included in the financial statements from page 13 onwards. Dividends of £15.5 million were declared during the period (2018: £22.0 million).

The directors do not recommend a final dividend in respect of the year ended 30 September 2019.

Charitable contributions

During the year the Company made charitable donations of £5,852 (2018: £15,264).

Employees

The Company keeps employees informed on matters relevant to them through regular meetings and newsletters. The Company is committed to ensuring that there are equal opportunities and diversity in the employment policies and practices, including, but not limited to, recruitment, selection, training, promotion, pay rates, discipline and dismissal. The Company believe that recruiting, incentivising and retaining the best talent is key to success and that this involves treating everyone equally regardless of their age, sexual orientation, parental responsibilities, disability, race, nationality, ethnic origin, membership of a trade union, religion, belief or gender. This includes giving full and fair consideration to applications for employment made by disabled persons and continuing the employment of, and arranging appropriate training, career development and the opportunity for promotion for, any of the Company's employees who are, or become, disabled.

Directors' report (continued)

Subsequent events

Details of significant subsequent events since the statement of financial position date are included in Note 14 to the financial statements.

Auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the group's and the Company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the group's and the Company's auditor in connection with preparing its report and to establish that the group's and the Company's auditor is aware of that information.

Pursuant to section 485 of the 2006 Companies Act Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be proposed for re-appointment as auditor in the absence of an Annual General Meeting.

Other disclosures

The following disclosures required for inclusion in this report have been incorporated by way of cross-reference and form part of this report:

- Strategy and objectives (Page 2);
- Future developments (Page 3); and
- Going concern (Page 7).

This report was approved by the Board of directors and signed on its behalf by:

D Chandler
Director
Jun 29, 2020
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uSwitch Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

uSwitch Limited

Independent auditor's report to the members of uSwitch Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of uSwitch Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position
- the statement of changes in equity;
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of uSwitch Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

uSwitch Limited

Independent auditor's report to the members of uSwitch Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely 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 this report, or for the opinions we have formed.

Jim Brown

Jim Brown (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

29 June 2020

uSwitch Limited

Statement of comprehensive income
For the year ended 30 September 2019

	Notes	2019 £000	2018 £000
Revenue		**133,986**	140,850
Administrative expenses		**(75,092)**	(95,595)
Operating profit	2	**58,894**	45,255
Finance income		**106**	27
Profit before tax		**59,000**	45,282
Income tax expense	5	**(6,765)**	(936)
Profit for the period being total comprehensive income		**52,235**	44,346

uSwitch Limited

Statement of financial position
As at 30 September 2019

	Notes	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	7	**4**	-
Intangible assets	8	**2,108**	1,187
		2,112	1,187
Current assets			
Trade and other receivables	9	**68,529**	36,711
Current tax asset		**-**	1,488
Cash and cash equivalents		**14,282**	10,323
		82,811	48,522
Total assets		**84,923**	49,709
Current liabilities			
Trade and other payables	10	**13,810**	16,936
Current tax liabilities		**1,320**	-
		15,130	16,936
Non-current liabilities			
Deferred tax liabilities	11	**267**	148
Total liabilities		**15,397**	17,084
Net assets		**69,526**	32,625
Equity			
Share capital	12	**100**	100
Retained earnings		**69,426**	32,525
Total equity		**69,526**	32,625

The financial statements of uSwitch Limited (Company number 03612689) were approved and authorised for issue by the Board of directors and were signed on its behalf by:

D Chandler
Director

Jun 29, 2020
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uSwitch Limited

Statement of changes in equity
For the year ended 30 September 2019

	Notes	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 October 2018		100	32,525	32,625
Profit for the period being total comprehensive income		-	**52,235**	**52,235**
Transactions with owners recorded directly in equity:				
Share based payments		-	**152**	**152**
Dividends paid	6	-	**(15,486)**	**(15,486)**
At 30 September 2019		**100**	**69,426**	**69,526**

	Notes	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 October 2017		100	9,821	9,921
Profit for the period being total comprehensive income		-	44,346	44,346
Transactions with owners recorded directly in equity:				
Share based payments		-	997	997
Current tax on share-based payments	5	-	674	674
Deferred tax on share-based payments	5	-	(1,313)	(1,313)
Dividends paid	6	-	(22,000)	(22,000)
At 30 September 2018		100	32,525	32,625

Notes to the financial statements

1. Accounting policies

uSwitch Limited is a private company limited by shares 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 Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly, in the year ended 30 September 2019, the Company has changed its accounting framework from IFRS to FRS 101 and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'. The transition to FRS 101 is not considered to have had any material effect on the financial statements.

Summary of disclosure exemptions:

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS101:

- IFRS 2: Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).

- IFRS 7: Complete exemption from all of the disclosure requirements of IFRS 7, Financial Instruments, other than those instruments where these disclosures are still required to comply with the law.

- IFRS 13: 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).

- IAS 1: Exemptions from comparative information requirements in respect of 'Property, plant and equipment' and 'Intangible assets'.

- The following paragraphs of IAS 1, 'Presentation of financial statements': – 10(d) (statement of cash flows); – 16 (statement of compliance with all IFRS); – 38A (requirement for minimum of two primary statements, including cash flow statements); – 38B–D (additional comparative information); – 111 (cash flow statement information); and – 134–136 (capital management disclosures).

- IAS 7, 'Statement of cash flows'. Complete exemption from preparing a Statement of cash flows and related notes.

- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

- IAS24: Exemption from disclosure of related party transactions entered into between two or more members of a group, provided that an subsidiary party to the transaction is wholly owned by such a member.

- IAS24: Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services

- IFRS 15: Exemption from disclosure of disaggregation of revenue; qualitative and quantitative information related to changes in contract assets and contract liabilities; and information about an entity's performance obligations, transaction prices and any significant judgements.

The presentational currency of the financial statements is Pound Sterling (£).

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

The Company is a wholly-owned subsidiary of ZPG Comparison Services Holdings Limited and is included in the consolidated accounts of Zephyr Holdco Limited, comprising ZPG Comparison Services Holdings Limited and its subsidiaries (the "Group"). Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

1.2 New standards, amendments and IFRIC interpretations

The following standards have been adopted by the Company and are effective for the entire year ending 30 September 2019.

IFRS 9 Financial Instruments

IFRS 9 "Financial Instruments" prescribes the rules for recognition and measurement of financial instruments. The impact of the new standard on the Company is limited to the measurement of provisions raised in relation to revenue received. The standard requires the use of an expected loss model when determining an appropriate provision related to trade receivables. The Company performed historical analysis on accrued income and trade receivable and concluded there is minimal historical losses. Further, the macroeconomic impact on the expected credit losses is immaterial given the short term nature of the accrued income and trade receivables. The Company has therefore concluded that the expected credit loss per the IFRS 9 simplified provision matrix approach on accrued income and trade receivables is negligible and not therefore no provision is recognised in these financial statements.

IFRS 15 Revenue recognition

IFRS 15 "Revenue from contracts with customers" was adopted by the Company. IFRS 15 replaces IAS 18 "Revenue and related interpretations" and aims to provide a framework on recognising how much revenue is recognised and when it should be recognised. The underlying principal of the new standard is to ensure that revenue is being recognised only when the services promised under the contract have been delivered and all performance obligations have been satisfied. IFRS 15 introduced a 5-step approach to revenue recognition.

The Company has applied IFRS 15 in accordance with the modified retrospective transitional approach. No practical expedients have been applied.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the balance sheet. The Company has maintained the use of 'accrued income' and 'deferred revenue' to describe such balances. The Company's accounting policies for its revenue streams are disclosed in detail in note 1.4 below. Apart from providing more extensive disclosures for the Company's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Company.

1. **Accounting policies (continued)**

1.3 Going concern

The Company's Statement of financial position shows a positive net current asset position with significant cash resources. In addition, the Company continues to generate positive net cash flows from operating activities. Under the current uncertainty which arose in relation to Covid-19, the Directors consider sufficient mitigating actions are in place and the Company continues to maintain its market position. Therefore, the Directors reasonably expect that the Company is well placed to manage its business and financial risks successfully. Detailed analysis in response to Covid-19 are set out in the going concern section in the Strategic report.

1.4 Revenue

Revenue represents amounts due for services provided during the year, net of Value Added Tax ("VAT"), with the VAT liability being recognised at the date of invoice.

The main sources of revenue are fees received for the comparison of gas and electricity services ("Energy revenue") and mobile, broadband, pay TV and home phone services ("Communications revenue"). The directors have assessed that the point at which a lead is generated to an energy or communications provider is when the performance obligation for these services are met. Revenue and accrued income is recognised at that point based on the historical conversion of such leads into completed switches, representing the Company's right to consideration at that point in time. Revenue from other comparison services ("Other Comparison revenue") is recognised at a point in time when the service is provided.

All revenue is generated within the United Kingdom.

1.5 Finance income and costs

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

Finance costs represent interest and certain fees charged on bank overdraft balances as well as losses recognised on foreign currency transactions. Finance costs are recognised on an accrual basis using the effective interest method.

1.6 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:

Computer equipment	-	over 2 to 5 years

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

1.7 Intangible assets

Intangible assets with finite lives are stated at cost less accumulated amortisation and accumulated impairment losses. Computer software includes capitalised development costs for internally developed products and websites. Development costs are capitalised in line with accounting policy in note 1.9.Amortisation is charged to the statement of comprehensive income on a straight-line basis over the *estimated useful lives of the intangible assets as follows:*

Computer software	-	over 3 years

uSwitch Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.8 Impairment of tangible and intangible assets

At each statement of financial position date, the directors review the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets are impaired.

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 to the extent 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.

1.9 Research and development

The Company 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

1.10 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

IFRS 9 "Financial Instruments" prescribes the rules for recognition and measurement of financial instruments. The impact of the new standard on the Company is limited to the measurement of provisions raised in relation to revenue received by the Company. The standard requires the use of an expected loss model when determining an appropriate provision related to trade receivables. The Company has applied this model and uses both historical analysis and macroeconomic factors in determining the resulting provisions against trade receivables.

Trade and other receivables are designated as loans and receivables. They are recognised at amortised cost, which is net of any allowance for expected credit losses. This is deemed to be a reasonable approximation of their fair value. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition through 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.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.10 Financial instruments (continued)

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.

Financial instruments are not used for speculative purposes.

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

1.11 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 statement of comprehensive income except to the extent that it is required to be recognised directly in equity.

1.12 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of financial position differs from its tax base, except for differences.

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 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.

1.13 Employee benefits: defined contribution scheme

The Company operates a defined contribution pension scheme which is a post-employment benefit plan under which the Company pays fixed contributions into a fund. The Company 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 Company's pension scheme are charged to the statement of comprehensive income in the period to which they relate.

1.14 Share-based payments

The Company provides equity-settled share-based incentive plans whereby its indirect parent company ZPG Comparison Services Holdings Limited grants shares or nil-cost options over its shares to employees of the Company for their employment services.

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 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 Zephyr Holdco Limited consolidated financial statements.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.14 Share-based payments (continued)

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.

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 after deducting the exercise price of the share option.

1.15 Source of estimation uncertainty

Management make 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.

Revenue and accrued income

Revenue is recognised at the point at which a transaction or interaction on the Company's website is completed and a lead is generated. A Management estimate is required in calculating a revenue accrual to estimate the number of successful switches based upon 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 Company's website to the partner, the historical conversion of such leads into completed switches and contracted revenue per switch. The carrying amount of accrued income as at 30 September 2019 is £21.4m (2018: £16.9m).

1.16 Critical accounting judgements

Capitalisation of development time

Time spent by the Company's employees in software development is capitalised as an internally generated intangible asset when the requirements of IAS 38 and of Group policy are both met. A management judgement is applied in the assessment of the project against the development criteria of IAS 38.

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Notes to the financial statements (continued)

2. Operating profit

	2019 £000	2018 £000
Operating profit is stated after charging:		
Depreciation of Property, Plant and Equipment	-	111
Amortisation of intangible assets	268	222
Share based payments charge	152	1,377
Research and development tax credits	(210)	(150)

The total gross value of research and development expenditure in the period was £1.2 million (2018: £1.3 million). Research and development expenditure relate to staff costs incurred in the development of new products and features.

3. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor and their associates for the audit of the Company's financial statements	56	62
Total audit fees	56	62

There were no non-audit fees payable to the Company's auditor in either period.

4. Employee costs

	2019 £000	2018 £000
Wages and salaries	10,888	12,891
Social security cost	1,214	1,887
Defined contribution pension cost	393	451
Share based payments	152	996
	12,647	16,225

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

	2019 Number	2018 Number
Administration	148	145
Management	1	1
	149	146

Directors' remuneration

	2019 £000	2018 £000
Salary, benefits and bonus	53	-
Defined contribution pension cost	4	-
	57	-

In respect of the highest paid Director:

Salary, benefits and bonus	53	-
Defined contribution pension cost	4	-
	57	-

Until March 2019, the Directors were paid no fee or emoluments by the Company. The Directors' fees were paid by ZPG Limited, another Group company.

Notes to the financial statements (continued)

5. Income tax

	2019 £000	2018 £000
Current tax:		
Current period	6,717	848
Prior year adjustment	(98)	(6)
Total current Tax	6,619	842
Deferred Tax:		
Origin of temporary differences	158	108
Prior year adjustment	(12)	(14)
Total deferred tax	146	94
Total income tax expense	6,765	936

Corporation tax is calculated at 19.0% (2018: 19.0%) of the taxable profit for the period. The charge for the period can be reconciled to the profit in the statement of comprehensive income as follows:

	2019 £000	2018 £000
Profit before tax	59,000	45,282
Taxable profit	59,000	45,282
Current corporation tax rate of 19.0% (2018: 19.0%)	11,210	8,604
Adjustments in respect of prior period	(103)	(20)
Group relief	(4,330)	(7,648)
Research & Development Credits	(12)	-
Total income tax expense	6,765	936

The effective tax rate for the year to 30 September 2019 was 11.5% (2018: 2.1%), reducing as a result of group relief received from other Group companies.

6. Dividends paid

	2019 £000	2018 £000
Dividend of 155 pence per share declared on 1 November 2018	15,486	-
Dividend of 50 pence per share declared on 20 September 2018	-	10,000
Dividend of 60 pence per share declared on 30 April 2018	-	12,000
Total dividends paid in the period	15,486	22,000

The directors do not recommend a final dividend in respect of the year ended 30 September 2018 (2018: £22.0 million).

Notes to the financial statements (continued)

7. Property, plant and equipment

	Computer Equipment £000
Cost	
At 1 October 2018	-
Additions	4
At 30 September 2019	**4**
Accumulated depreciation	
At 1 October 2018	-
Charge for the year	-
At 30 September 2019	-
Net book value	
At 30 September 2019	4
At 30 September 2018	-

8. Intangible assets

	Computer Software £000
Cost	
At 1 October 2018	1,541
Additions	1,189
At 30 September 2019	**2,730**
Accumulated amortisation	
At 1 October 2018	354
Charge for the year	268
At 30 September 2019	**622**
Net book value	
At 30 September 2019	**2,108**
At 30 September 2018	1,187

Notes to the financial statements (continued)

9. Trade and other receivables

	2019 £000	2018 £000
Trade receivables	6,760	9,750
Prepayments	786	225
Accrued income	21,371	16,915
Amounts due from other group companies	39,557	9,793
Other receivables	35	28
	68,529	36,711

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.

Amounts due from the parent company do not accrue interest and are repayable on demand. Given the profitability of the Company, directors consider the amount fully recoverable.

10. Trade and other payables

	2019 £000	2018 £000
Trade payables	4,096	5,352
Accruals	2,722	3,419
Deferred income	72	205
Other taxation and social security payments	2,915	4,154
Amounts due to other group companies	3,693	3,550
Other payables	312	256
	13,810	16,936

The directors consider that the carrying value of trade and other payables is approximate to their fair value and will be settled within the next twelve months.

11. Deferred tax

	Property, plant and equipment £000	Share-based payments £000	Other £000	Total £000
Deferred tax (liability)/asset at 1 October 2018	(185)	5	32	**(148)**
(Charge)/credit to profit or loss	(164)	34	-	**(130)**
Prior year adjustment	20	23	(32)	**11**
Deferred tax (liability)/asset at 30 September 2019	(329)	62	-	**(267)**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. Management believe that the Company will generate sufficient future profits in order to support the recognition of the deferred tax asset.

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

	2019 £000	2018 £000
Deferred tax assets	62	37
Deferred tax liabilities	(329)	(185)
	(267)	(148)

12. Equity

Share capital

	2019 £000	2018 £000
Shares classified as capital		
Authorised:		
20,000 Ordinary Shares of £5.00 each	**100**	100
Allotted, called up and fully paid:		
20,000 Ordinary Shares of £5.00 each	**100**	100

Rights and restrictions attaching to shares

Ordinary Shares

The Ordinary Shares carry one vote per share and rights to dividends.

There were no share transactions for the period ended 30 September 2019 (2018: none).

13. Related party transactions

In the ordinary course of business, the Company has traded with other subsidiaries of its parent company, Zephyr Holdco Limited. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 12 and 13 of these financial statements.

14. Subsequent events

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak (Covid-19) a pandemic. Following this, the United Kingdom entered varying degrees of government-imposed lockdowns to help contain the Coronavirus pandemic and seek to prevent further fatalities.

The Directors have modelled a cashflow forecast for the 12 months following the date of the signing of the financial statements and considered the operational consequences and corresponding mitigating actions of the Coronavirus pandemic. These mitigating actions include utilisation of the government business support scheme for VAT and reduction in discretionary marketing spend and overheads. The Directors continue to closely monitor the situation, in line with latest global developments and government guidance.

The Directors have also considered the wider operational consequences of the Covid-19 pandemic. Business continuity plans are in place, with measure to manage employee absences, the efficiency of the Company's operations and the ability for home working. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking practical precautions with a view to ensuring the wellbeing of colleagues.

Potential impacts of the Covid-19 crisis are set out in more detail in the going concern section of the Strategic report.

15. Ultimate parent company and controlling party

The largest group of which the Company is a member and for which group accounts are drawn up for the year ended 30 September 2019 is Zephyr Holdco Limited, the smallest group is Zephyr Midco 2 Limited, both are incorporated in the United Kingdom and registered in England and Wales at the address below. Copies of the report and accounts are available from Zephyr Holdco Limited, The Cooperage, 5 Copper Row, London SE1 2LH.

The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd, an entity incorporated in the Cayman Islands.