Registered number: 03612689

USWITCH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION

Directors	T Syed D Chandler
Registered number	03612689
Registered office	The Cooperage 5 Copper Road London England SE1 2LH
Independent auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their Strategic report of Uswitch Limited ("Uswitch" or "the Company") for the year ended 31 December 2021 ("December 2021"). The comparative period is for the three month period ended 31 December 2020 ("December 2020") and is not directly comparable. The three month accounting period arises from a change to the Company's accounting reference date in order to align with its parent company.

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.

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 ("Partners").

Business overview

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 of Companies, which comprises Zephyr Midco 2 Limited and its direct and indirect subsidiaries (the "Group").

Strategy and objectives

The Company supports the Group's wider strategy 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 and communications switching market and continues to develop its switching proposition in the money and insurance sectors (finance) to provide diversity and increased growth opportunities.

Financial performance

Overall, the Company's revenue was £101,127k in the year to 31 December 2021 (period to 31 December 2020 - £34,657k). Revenue decreased against the pro-rated twelve month period to 31 December 2020 (£138,628k) due to the energy macro market towards the end of 2021. Wholesale prices increased whilst the Ofgem price cap remained considerably lower, which in turn put pressure on suppliers resulting in many smaller suppliers going out of business. Energy deals for new customers are temporarily paused until the markets stabilise.

The profit after tax for the year was £31,205k (period to 31 December 2020 - profit of £13,961k). Profit margin decreased against the pro-rated twelve month period to 31 December 2020 (profit of £55,844k) due to the above revenue impact and also impacted by management fees being initiated by the Group.

Financial position

The Company's financial position remains strong at 31 December 2021. Net assets at 31 December 2021 were £180,878k (2020 - £149,254k). The Company ended the year with £5,342k of cash (2020 - £20,369k).

Key performance indicators (KPIs)

The Company measures its performance through the below financial KPIs.

Revenue decreased against the pro-rated twelve month period to 31 December 2020 (£138,628k) due to the energy macro market towards the end of 2021. Wholesale prices increased whilst the Ofgem price cap remained considerably lower, which in turn put pressure on suppliers resulting in many smaller suppliers going out of business. Energy deals for new customers are temporarily paused until the markets stabilise.

The operating profit for the year decreased against the pro-rated twelve month period to 31 December 2020 (profit of £61,200k) due to the above revenue impact and also impacted by management fees being initiated by the Group.

The profit after tax for the year decreased against the pro-rated twelve month period to 31 December 2020 (profit of £55,844k) due to the above revenue impact and also impacted by management fees being initiated by the Group.

	2021 **£000**	3 months ended 31 December 2020 £000
Revenue	**101,127**	34,657
Operating profit for the year/period	**30,678**	15,300
Total comprehensive profit for the year/period	**31,205**	13,961

Section s172 (1) statement

The Directors of the Company consider, in the context of a constitution of a Board, that they have acted in good faith, to promote the success of the company for the benefit of its members with specific reference to Companies Act 2006 S172 (1a – 1f), in the decisions taken during the year ending 31 December 2021 including:

Shareholders

- The Directors were (and continue to be) able to perform their duty under section 172 (1) with unique and direct access to the perspectives and interests of its shareholders, who themselves fully endorse and support the importance of the Board having due regard to a broad range of matters including those referred to in section 172(1) (a) to (f).
- The Directors are committed to openly engaging with its shareholders through attendance of Board meetings, so that shareholders understand the strategy and objectives of the Company.
- The Company provides regular reports and maintains regular dialogue with shareholders to ensure their involvement in the Company's decision-making.
- As per the previous period the Directors approve an annual budget, prepared by senior management. The Directors are then able to monitor performance against annual budget and plan through the year ended 31 December 2021.

Employees

- The Company is passionate about attracting, engaging, developing and retaining the best talent in the industry. The Company is always open to feedback and seeks to provide as many opportunities for discussion as possible.
- The Company engages through Peakon, an employee survey tool, to regularly measure employee net promoter score (eNPS) and key engagement drivers.
- The Company has a strong focus on its employees' wellbeing and has introduced numerous schemes which focus on improving mental health and specifically, to help employees adapt to new working practices caused by the Covid-19 pandemic.. The Company has introduced weekly All-Employee Meetings with the CEO and SLT, fortnightly newsletters, virtual coffee 1:1s with colleagues and a working from home budget for every employee.
- As part of the Company's commitment to creating an inclusive and diverse workforce, Employee Resource Groups have been set up, providing employees with a community and a safe space to meet and support one another.
- The Company has an apprenticeship programme, to improve accessibility into the industry.
- Company's brand ("RVU") was named in the top ten for the UK's 'Winning Tech Talent' for medium-sized businesses in Hired's 2021 publication. We believe these credentials proves our appeal as an employer of choice across our divisions.

Suppliers

- The Company is committed to working with suppliers who share the Company's values. Before commencing a business relationship with a supplier, the Company will review the supplier's labour practices. The Company is committed to The Prompt Payment Code and has also supported suppliers through the Covid-19 pandemic by continuing contracts which could otherwise have been terminated (such as some facilities contracts).

Customers

- The Company aims for its customers, including providers of energy, communications and financial services products, to benefit from access to a highly engaged audience via the Company's market-leading comparison portals, generating additional revenues and delivering better service by using the Company's software and data insights. The Company has a dedicated Product and Tech team who are committed to innovating these products so that our customers have a data driven platform which will help their businesses succeed.

Consumers
- Expert, authoritative content provided guidance and support to help consumers navigate this year's challenging personal finance landscape, and new Comparison TV creative encouraged them to 'get more of what matters' with the time and money saved by switching.
- The Company further simplified the switching process, making it even quicker and easier to save money.
- Uswitch's marketing campaign 'U Stay Put' helped to educate consumers on the challenging energy macro environment such that they could understand more in relation to certain tariffs and the pricing trajectories 2021 and 2022 could bring about under these tariffs.
- The Company also provided support to consumers by simplifying the switching process, making it even quicker and easier to save money, and launched the first of its kind 'Green Accreditation' to help tackle the confusion consumers can face when navigating green energy tariffs, by placing power into the hands of the consumers by providing the insight and knowledge needed to make greener choices.

Social Responsibility
- The Company recognises the impact it may have on the environment as a business and as individuals, particularly and most currently, the wasteful behaviour across the globe surrounding disposable, single use plastics.
- The Company encourages positive behaviour and attitudes from within the business by providing long life, refillable and reusable options to employees and eliminating the purchase of single use plastic within the offices. Informative tools and advice are provided to all employees on how to prevent further unnecessary waste ending up in the environment and damaging ecosystems.
- The Company's 'Pay it Forward' programme, providing hands-on help to a range of causes close to the hearts of our employees, has gathered momentum over the period The Company's involvement has included working with students from low socioeconomic backgrounds to prepare them for career success, volunteering on a free helpline for young people and sorting donations at local food banks.

Regulators / Industry bodies

The Company operates in a number of regulated environments. Certain revenue streams within the Comparison division are regulated by the FCA. The Company therefore needs to ensure that it engages with the regulators and professional bodies to comply with all regulatory responsibilities.

- The details of the policies implemented, and their outcomes are covered in more detail in the 'Risk Management, Internal control and principal risks' section of the Strategic report.
- Led by the Board, the Company has a high-integrity culture, with appropriate policies, training and processes relating to anti bribery and corruption along with substantial business control functions such as Internal Control and Site Reliability Engineering (the latter covering Cyber Security operations).
- The Directors through the attendance of Board meetings provide information to shareholders.

Future developments

The Company has enjoyed strong financial operating results in the year. The business continues to trade well despite competition in the market and has continued to identify and invest in processes to further improve operating profit margin in the coming financial year.

The Company aims to continue its mission of being the platform of choice for consumers and partners engaged in household decisions. The Company will continue to innovate and actively improve current products and develop new products to further improve the consumer and partner experience. The Directors look forward to launching more innovative products and services in the year ahead.

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 Midco 2 Limited annual report and financial statements for the year ended 31 December 2021. These can be obtained from its registered address at The Cooperage, 5 Copper Row, London, SE1 2LH. Specific risks, their descriptions and how managed and mitigated for the Company are shown from page 6.

Credit risk

The Company's principal financial assets are cash, trade and other receivables and accrued income. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of short-term and medium-tern finance.

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, 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. 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.

Key risk	Description and impact	Management and mitigation
Macroeconomic conditions - Energy wholesale prices The Company is exposed to a number of macro-economic conditions including, during 2021, a more volatile global wholesale energy market. The impact of any increase in volatility could impact switching availability and behaviour with a knock-on effect on the Company's financial performance.	Global wholesale prices reached a record high gas price of £4.50 per therm on 22 December 2021. The combination of the volatile energy wholesale prices and the price cap set by the Office of Gas and Electricity Markets (Ofgem) in the UK has temporarily stopped energy switching services which has an adverse impact on the Company's revenue. Several factors have contributed to the increased wholesale energy prices: • Higher than normal energy usage as economies restart post-lockdowns • Unusually cold weather in Europe, emptying gas supplies and disruptions to other sources of energy • Market volatility exacerbated by geo-political tensions and the Nord Stream 2 pipeline impacts High prices on their own are not a barrier to switching; the interplay between the high energy prices and regulation of the retail energy market is key to the performance of the switching market. As the price cap set in September 2021 was lower than wholesale prices, supplier revenue would not cover their costs, leading to suppliers removing acquisition tariffs from the market and consumer switching effectively going on pause.	• Regularly reviewing market conditions and indicators with scenario analysis. • Educating consumers about the energy market, the price cap and their options in uncertain conditions to maintain our reputation and brand awareness. • Maintaining a flexible cost base that can respond to changing conditions. • Diversifying risk by maintaining a balance between different revenue streams to provide protection against volatility within markets.

Macroeconomic conditions - Energy wholesale prices (continued)	Ofgem has issued short term market measures to prioritise supplier financial stabilisation in the short term, including temporary ban on acquisition only tariffs and Market Stabilisation Charge. The short term measures are meant to be in place until at least September 2022, before allowing normal market conditions to return. Further, Ofgem are reviewing the price cap model, potentially updating the level every quarter from October 2022, to reduce the impact from these extreme pricing events.	
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 A failure in one system or a security breach may disrupt the efficiency and functioning of the Company's operations.	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.
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.* • Share schemes in place to encourage staff retention. • Regular and ongoing Learning & Development activities held across the Company.

Regulatory environment The Company operates in several regulated environments, including the UK Financial Conduct Authority (FCA). Failure to meet regulatory requirements may impact the Company's financial performance.	The Company monitors changes in the regulatory environments in which it operates to identify incoming changes that may have an impact on the strategy, operations, or business model of the Company. Key incoming changes in the industries in which the Company operates which are being actively monitored are: • *Broadband*: The Office of Communications (Ofcom) and industry continues to work on implementation of new switching rules 'one touch switch' from April 2023 that will ensure that customers don't have to contact their current provider to switch to a new one, supporting switching conversion rate. • *Insurance*: The FCA implemented pricing reforms from 1 January 2022 which prevent insurance providers from offering discounted acquisition tariffs for new customers and as a result, insurance providers are implementing updated pricing strategies. Updates on upcoming Ofgem changes have been referred to in the Macroeconomic conditions risk above.	• Maintaining regular open and constructive dialogue with all significant regulatory bodies. • Dedicated regulatory teams in-house. • Implementing processes, including training, to ensure compliance with all mandatory reporting obligations. • Regular monitoring of regulatory risks by the Board, the Audit Committee, the legal function, and internal control and throughout the business. • Responses to the FCA changes include market data analysis and ongoing dialogue with insurance providers.
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 General Data Protection Regulation ("GDPR"). Cookie laws, and direct marketing.	• Data protection officer ("DPO") position. • Privacy plan formalised by DPO. • Training for the business coordinated for data protection.

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.

Covid-19 pandemic

At the date of approval of the annual report and financial statements some uncertainty remains in relation to the future impact that the Covid-19 pandemic will have on the global economy, and, consequently, on the Company. There have, however, been positive developments regarding the success of the UK vaccine rollout and its effectiveness against new variants of the virus, with the resulting easing of government-imposed restrictions generating increased levels of confidence throughout the wider economy. The Company's performance was not significantly impacted by Covid-19, with the impact limited to supressed demand in some of its smaller verticals.

The Company's performance has been resilient throughout the pandemic to date; the Directors have implemented cash management processes in response to the uncertainty, which includes a rolling cash-flow forecast and cash sweeping arrangements in order to have additional insight into the Company's cash position. Additionally, the Directors have a range of mitigating actions that can be taken to both maintain the Company's operating capabilities and to enable it to meet its future liabilities as they fall due.

There has been no change in the Company's business model, underlying operations or overall strategy as a result of Covid-19 and the Directors remain assured of the Company's strong financial position and prospects.

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 Midco 2 Limited Annual report and financial statements for the year ended 31 December 2021. These can be obtained from its registered address at The Cooperage, 5 Copper Row, London, SE1 2LH.

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 parent company, Zephyr Midco 2 Limited, and its subsidiaries (together 'the Group'), which covers a period of 12 months from the date of signing these financial statements.

In order to gain comfort over the Group's ability to continue as a going concern, the Directors have modelled the Group's cash flow position for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year end, the Company has a positive cash balance of £5,342k (2020: £20,369k) and net current asset of £52,414k (2020: £47,146k). The cash position and net current asset position remain positive on the signing date. In addition, to manage liquidity, should the Company require, it could utilise cash from other group companies to meet its current obligations.

The Group has the ability to support the Company for at least the twelve months from the date of signing of the financial statements and a letter of support has been provided by Zephyr Midco 2 Limited, an intermediate parent company, confirming to support the obligations and liabilities as and when they fall due in the twelve months following the date of signing of these financial statements

This report was approved by the board and signed on its behalf.

D Chandler
Director

Date: Sep 20, 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The Directors who served during the year were:

T Syed
D Chandler

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 profit for the year, after taxation, amounted to £31,205k (period to 31 December 2020 - £13,961k).

No dividends were declared during the year (period to 31 December 2020 - £nil). The Directors do not recommend a final dividend in respect of the year ended 31 December 2021.

Research and development

The company continues to incur expenditure on research and development in order to develop new products and enhance existing offerings. The Company's accounting policy for research and development is discussed in Note 2 to these financial statements. The Company capitalised £691k (2020: £952k) in relation to technology development costs.

Charitable contributions

During the year the Company made charitable donations of £18,307 (period to 31 December 2020 - £5,194).

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 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)
FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that 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.

Post balance sheet events

Details of significant subsequent events since the statement of financial position date are included in Note 24 to the financial statements.

This report was approved by the board and signed on its behalf.

D Chandler
Director

Date: Sep 20, 2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors are responsible for preparing the Strategic Report, the Directors' 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to 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.

INDEPENDENT AUDITORS' 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 31 December 2021 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 statement of accounting policies (detailed in notes 1-2 of the related notes); and
- the related notes 3 to 26.

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 of 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and HMRC tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included General Data Protection Regulations ('GDPR') and Financial Conduct Authority regulations.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it is described below:
- the valuation of accrued income and accuracy of the resulting revenue: We obtained an understanding of the revenue process, we tested the design and implementation of key controls in place to mitigate the risk of material misstatement, challenged management on the valuation of items accrued and selected a sample of items to agree to supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:
- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF USWITCH LIMITED

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.

Rachel Argyle
Rachel Argyle (Sep 20, 2022 15:54 GMT+1)

Rachel Argyle (Senior statutory auditor)

for and on behalf of
Deloitte LLP

1 New Street Square
London
EC4A 3HQ
Date: Sep 20, 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Revenue	4	**101,127**	34,657
Administrative expenses		**(70,449)**	(19,357)
Operating profit	5	**30,678**	15,300
Finance income	9	**65**	-
Finance costs	10	**(34)**	(16)
Profit before tax		**30,709**	15,284
Income tax credit/(expense)	11	**496**	(1,323)
Profit for the financial year/period		**31,205**	13,961

There was no other comprehensive income for 2021 (period to 31 December 2020: NIL).

The notes on pages 23 to 44 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £000	As restated 2020 £000
Fixed assets			
Intangible assets	13	**2,677**	2,518
Property, plant and equipment	14	**2**	3
Loan to group undertakings	15	**125,867**	99,955
		128,546	102,476
Current assets			
Debtors: amounts falling due within one year	16	**58,815**	32,574
Current tax asset		**3,670**	5,239
Other short term investments	17	**-**	10,000
Cash and cash equivalents	18	**5,342**	20,369
		67,827	68,182
Current liabilities			
Creditors: Amounts falling due within one year	19	**(15,413)**	(21,036)
Net current assets		**52,414**	47,146
Total assets less current liabilities		**180,960**	149,622
Provisions for liabilities			
Deferred taxation	20	**(82)**	(368)
		(82)	(368)
Net assets		**180,878**	149,254

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £000	As restated 2020 £000
Total equity			
Called up share capital	21	**100**	100
Retained earnings	22	**180,778**	149,154
		180,878	149,254

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D Chandler
Director

Date: Sep 20, 2022

The notes on pages 23 to 44 form part of these financial statements.

See note 25 for more information on the restatement within the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share based payment reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 October 2020	**100**	**278**	**134,847**	**135,225**
Profit for the period	-	-	13,961	13,961
Share based payments	-	(278)	346	68
At 1 January 2021	**100**	**-**	**149,154**	**149,254**
Comprehensive income for the year				
Profit for the year	-	-	31,205	31,205
Share based payments	-	-	419	419
At 31 December 2021	**100**	**-**	**180,778**	**180,878**

The notes on pages 23 to 44 form part of these financial statements.

1. General information

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. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 12.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company is a wholly-owned subsidiary of ZPG Comparison Services Holdings Limited and is included in the consolidated accounts of Zephyr Midco 2 Limited, comprising ZPG Comparison Services Holdings Limited and its subsidiaries (the "Group").

The Company has changed presentation of its statement of financial position from IAS 1 format to Companies Act format to make it in line with other group entities

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

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

There were no new IFRSs or IFRIC interpretations that were effective during the financial year beginning 1 January 2021 that have had a material impact on the Company.

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company for future periods.

2. Accounting policies (continued)

2.4 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 parent company, Zephyr Midco 2 Limited, and its subsidiaries (together 'the Group'), which covers a period of 12 months from the date of signing these financial statements.

In order to gain comfort over the Group's ability to continue as a going concern, the Directors have modelled the Group's cash flow position for the 12 months following the date of the signing of these accounts. The Group is subject to covenants under its current debt structure and throughout the cash flow forecast period there is sufficient headroom on the financial covenants.

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Director's consideration of uncertainties that the business will face in the next 12 months are captured within the principal risks disclosed in the Strategic report. As at the year end, the Company has a positive cash balance of £5,342k (2020: £20,369k) and net current asset of £52,414k (2020: £47,146k). The cash position and net current asset position remain positive on the signing date. In addition, to manage liquidity, should the Company require, it could utilise cash from other group companies to meet its current obligations.

The Group has the ability to support the Company for at least the twelve months from the date of signing of the financial statements and a letter of support has been provided by Zephyr Midco 2 Limited, an intermediate parent company, confirming to support the obligations and liabilities as and when they fall due in the twelve months following the date of signing of these financial statements

2.5 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.

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.

All revenue is generated within the United Kingdom.

2. Accounting policies (continued)

2.6 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

2.7 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 valuation model 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 Midco 2 Limited consolidated financial statements.

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.

2.8 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.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.10 Intangible assets

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:
• the technical feasibility of completing the intangible asset so that it will be available for use or sale;
• the intention to complete the intangible asset and use or sell it;
• the ability to use or sell the intangible asset;
• how the intangible asset will generate probable future economic benefits;
• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
• the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Capitalised development costs are presented in these financial statements as additions to software assets and are only amortised once the asset is available for use at which point it is then depreciated on a straight-line basis over their expected useful economic life.

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

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives range as follows:

Computer software	-	over 3 years

2. Accounting policies (continued)

2.11 Impairment of tangible and intangible assets

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2.12 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.

2.13 Tangible fixed assets

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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	- Over 2 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.14 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.

2.15 Financial instruments

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

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.

The Company performed historical analysis on accrued income and trade receivable and concluded there are 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.

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, as well as relevant macro economic factors. When a trade receivable is deemed uncollectable, it is written off against the allowance account. The Company 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.

2. Accounting policies (continued)

2.15 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.

Short term investments are the term deposit held at the Company and measured at amortised costs. The interest income from the short term investments are recognised through the profit and loss account.

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

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Key sources 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.

Classification of intercompany receivables as current and non current
The determination of the portion of intercompany balances expected to be collected in the next twelve months following the year end includes estimates based on cashflow forecasts and needs of the Company. The Directors do not expect to realise all of their intercompany receivables within the twelve months following the accounting reference date, and have therefore classified relevant intercompany balances as non current. A change in forecasts could lead to a change in expectation in the amount to be settled in the next twelve months following the accounting reference date, as well as the portion of the non current intercompany receivables to become current.

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 31 December 2021 is £12,496k (2020 - £23,229k).

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 the Company policy are both met. Management judgement is applied in the assessment of the project against the development criteria of IAS 38.

There are no other key accounting judgements.

4. Revenue

Analysis of turnover by country of destination:

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
United Kingdom	**101,127**	34,657
	101,127	34,657

5. Operating profit

The operating profit is stated after charging/(crediting):

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Depreciation of tangible fixed assets	**1**	-
Amortisation of intangible assets	**533**	568
Share based payments charge	**419**	68
Research and development tax credits	**(210)**	(53)
Defined contribution pension cost	**258**	45

The total gross value of research and development expenditure in the year was £626k million (period to 31 December 2020 - £918k). Research and development expenditure relate to staff costs incurred in the development of new products and features.

6. Auditor's remuneration

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**113**	106

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Wages and salaries	**13,853**	2,995
Social security costs	**1,857**	424
Cost of defined contribution scheme	**258**	45
Share based payments	**419**	68
	16,387	3,532

The average monthly number of employees, including the Directors, during the year was as follows:

	12 months ended 31 December 2021 No.	3 months ended 31 December 2020 No.
Administration	**256**	226
Management	**1**	1
	257	227

8. Directors' remuneration

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Directors' emoluments	145	56
Defined contribution pension cost	10	2
	155	58

The highest paid Director received remuneration of £155k (period to 31 December 2020 - £58k).

9. Finance income

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Other interest receivable	65	-
	65	-

10. Finance costs

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Bank and overdraft fees	5	1
Realised foreign exchange losses	29	15
	34	16

11. Income tax (credit)/expense

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Corporation tax		
Current tax on profits for the year/period	**1,690**	1,351
Adjustments in respect of previous periods	**(1,900)**	-
Total current tax	**(210)**	1,351
Deferred tax		
Origination and reversal of timing differences	**(83)**	(28)
Changes to tax rates	**19**	-
Prior year adjustments	**(222)**	-
Total deferred tax	**(286)**	(28)
Taxation (credit) / charge for the year/period	**(496)**	1,323

11. Income tax (credit)/expense (continued)

Factors affecting tax (credit)/expense for the year/period

The tax assessed for the year/period is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	12 months ended 31 December 2021 £000	3 months ended 31 December 2020 £000
Profit before tax	**30,709**	15,284
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**5,835**	2,904
Effects of:		
Expenses not deductible for tax purposes	**100**	24
Adjustments to tax charge in respect of prior periods	**(2,122)**	-
Changes to tax rates	**19**	-
Group relief	**(4,328)**	(1,605)
Total tax (credit)/expense for the year/period	**(496)**	1,323

Factors that may affect future tax charges

The effective tax rate for the year to 31 December 2021 was (2.8%) (period to 31 December 2020 - 8.7%).

The Finance Act 2021, which was substantively enacted on 24 May 2021, includes a further increase in the main rate of UK corporation tax to 25% from 1 April 2023. This rate has been substantively enacted at the balance sheet date of 31 December 2021, and as a result the deferred tax balances have been revalued to the amended 25% rate.

12. Dividends

The Directors do not recommend a final dividend in respect of the year ended 31 December 2021 (period to 31 December 2020 - nil).

13. Intangible assets

	Computer software £000
Cost	
At 1 January 2021	**3,945**
Additions - external	**692**
At 31 December 2021	**4,637**
Amortisation	
At 1 January 2021	**1,427**
Charge for the year on owned assets	**533**
At 31 December 2021	**1,960**
Net book value	
At 31 December 2021	**2,677**
At 31 December 2020	2,518

14. Property, plant and equipment

	Computer equipment £000
Cost or valuation	
At 1 January 2021	**4**
At 31 December 2021	**4**
Depreciation	
At 1 January 2021	**1**
Charge for the year on owned assets	**1**
At 31 December 2021	**2**
Net book value	
At 31 December 2021	**2**
At 31 December 2020	3

15. Loan to Group undertakings

	Total £000
At 1 January 2021 (as restated)	**99,955**
Additions	**25,912**
At 31 December 2021	**125,867**

Whilst loan to Group undertakings is repayable on demand but these are intended for use on a continuing basis and there is no intention for this to occur within the next 12 months.

See note 25 for more information on the restatement within this note

16. Debtors: amounts falling due within one year

	2021 £000	As restated 2020 £000
Trade receivables	**2,782**	7,864
Prepayments	**939**	581
Accrued income	**12,496**	23,229
Amounts owed by group undertakings	**42,574**	878
Other receivables	**24**	22
	58,815	32,574

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 owed by the group companies do not accrue interest and are repayable on demand. Given the profitability of the group companies, Directors consider the amount fully recoverable.

Amounts owed by the group companies has increased in the year due to the Company lending to other group companies to fund acquisitions.

See note 25 for more information on the restatement within this note.

17. Other short term investments

	2021 £000	2020 £000
Other short term investments	**-**	10,000
	-	10,000

Short term investments are the term deposit of £10m held at the Company and measured at amortised costs. The amount was withdrawn from the term deposit account during 2021, and now forms part of cash and cash equivalents.

The interest income from the short term investments are recognised through the profit and loss account.

18. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**5,342**	20,369
	5,342	20,369

19. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade payables	**4,082**	7,412
Accruals	**4,115**	3,116
Deferred income	**44**	28
Other taxation and social security	**2,475**	9,848
Amounts owed to group undertakings	**4,408**	237
Other payables	**289**	395
	15,413	21,036

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.

Included in other taxation and social security payments is the VAT deferral of £1,509k (2020: £8,064k), relating to the Government VAT deferral scheme put in place as part of the Coronavirus pandemic.

Amounts owed to group companies do not accrue interest and are repayable on demand. Given the profitability of the Company, Directors consider the amount fully recoverable.

20. Deferred taxation

	2021 £000
At beginning of year	**(368)**
Credited to profit or loss	**286**
At end of year	**(82)**

20. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Property, plant and equipment	**(117)**	(388)
Short-term temporary differences	**35**	20
	(82)	(368)

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:

	2021 £000	2020 £000
Deferred tax assets	**35**	20
Deferred tax liabilities	**(117)**	(388)
	(82)	(368)

21. Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
20,000 (2020 - 20,000) Ordinary shares of £5.00 each	**100**	100

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

22. Reserves

Share based payment reserve

Share based payment reserve was utilised until 31 December 2020. Retained earnings include shared based payment charge in period of £419k. Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Midco 2 Limited consolidated financial statements.

Retained earnings

The retained earnings reserve relates to all gains and losses not recognised separately in any other reserve.

23. Related party transactions

During the ordinary course of business, the Company has traded with other subsidiaries of its parent company, Zephyr Midco 2 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 15, 16 and 19 of these financial statements.

24. Post balance sheet events

On 24 February 2022, Russia initiated the invasion of the Ukraine. The event and ongoing conflict has limited direct impact on the Company and its customers, however the ongoing geo-political tensions continues to create volatility in the energy markets which is further discussed in the Risk management, internal control and principal risks section of the Strategic Report.

25. Prior year adjustment - Amounts due from Group undertakings

In the prior period, amounts owed by fellow group undertakings were presented as a current asset under the IAS 1 balance sheet format. This represented an error as, although repayable on demand, the expectation was that these amounts would not be repaid within twelve months of the balance sheet date. In the current period the Companies Act balance sheet format has been adopted. Under the Companies Act format, it has been determined that these amounts owed by fellow group undertakings are fixed assets because they are intended for use on a continuing basis. The result is that £99,955k of loans to group undertakings has been reclassified from current assets and is now presented as a fixed asset. There is no impact on net assets or the statement of comprehensive income as a result of this

26. 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 31 December 2021 is that of Zephyr Luxco S.a.r.l. The smallest group of which the Company is a member and for which group accounts are drawn up for the year ended 31 December 2021 is that of Zephyr Midco 2 Limited. Zephyr Midco 2 Limited is registered in England and Wales at the address below.

Copies of the report and financial statements are available from The Cooperage, 5 Copper Row, London SE1 2LH.

The consolidated financial statements of Zephyr Luxco S.a.r.l can be obtained from 2, rue Edward Steichen, L-2540 Luxembourg.

The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.