Registered number: 03612689

USWITCH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

USWITCH LIMITED

COMPANY INFORMATION

Directors	T Syed (resigned 7 December 2022) D Chandler A McCarey (appointed 14 September 2022)
Registered number	03612689
Registered office	The Cooperage 5 Copper Road London England SE1 2LH
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic report of Uswitch Limited ("Uswitch" or "the Company") for the year ended 31 December 2022 ("December 2022"). The comparative period is for the year ended 31 December 2021 ("December 2021").

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 UK 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 to provide diversity and increased growth opportunities.

Financial performance

Overall, the Company's revenue was £63,226k in the year to 31 December 2022 (year to 31 December 2021 - £101,127k). Revenue decreased against the year to 31 December 2021 (£37,901k) due to the adverse macro-economic environment impacting the energy market. Wholesale prices increased in 2021 and remained high through 2022. The combination of the volatile energy wholesale prices, the price cap set by the Office of Gas and Electricity Markets ("Ofgem") in the UK, and the Energy Price Guarantee ("EPG") put in place by the UK government has temporarily stopped energy switching services which has an adverse impact on the Company's revenue.

The profit after tax for the year was £4,173k (year to 31 December 2021 - profit of £31,205k). Profit margin decreased against the year to 31 December 2021 (decrease of £27,032k) due to the revenue impact outlined above.

Financial position

The Company's financial position remains strong at 31 December 2022. Net assets at 31 December 2022 were £185,503k (2021 - £180,878k). The Company ended the year with £753k of cash (2021 - £5,342k). Cash on the balance sheet has decreased due to the company entering into a cash pooling arrangement with an intermediate parent company alongside other Group companies in January 2022.

Key performance indicators (KPIs)

The Company measures its performance through the below financial KPIs.

Revenue decreased against the year to 31 December 2021 (£37,901k) due to the adverse macro-economic environment impacting the energy market.

The operating profit for the year decreased against the year to 31 December 2021 (profit decrease of £23,192k) due to the above revenue impact.

The profit after tax for the year was £4,173k (year to 31 December 2021 - profit of £31,205k). Profit margin decreased against the year to 31 December 2021 (decrease of £27,032k) due to the above revenue impact

	2022	2021
	£000	£000
Revenue	**63,226**	101,127
Operating profit for the year	**7,486**	30,678
Total comprehensive profit for the year	**4,173**	31,205

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 2022, the Directors of the Company have addressed point 1e of Companies Act 2006 S172 (which relates to the desirability of the company maintaining a reputation for high standards of business conduct) in the 'Reputational and brand damage' section of the principal risk and uncertainties on page 10 of these financial statements. The following stakeholders have been considered, as follows::

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 previous year 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 2022. In addition, the Directors present the Long Range Plan to the shareholders which project the Company's performance in the next five years. The Directors and senior management regularly review the Long Range Plan assumption and continuously monitor the Company's performance to align with the Company's long term strategic decisions.

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.

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.

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 period'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.

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 business remains profitable despite the challenges in the macro-economic environment 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 2022. 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 expected credit losses. 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 The Company manages liquidity centrally through a cash pooling arrangement to ensure cash throughout the Group is used in an effective and efficient manner for ongoing operations and future developments.

Internal controls

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.

Principal risks and uncertainties

Key risk	Description and impact	Management and mitigation
Macroeconomic conditions - Energy wholesale prices The Company is exposed to a number of macroeconomic conditions including during 2021 and 2022 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.	Since the second half of 2021, due to a shortage of gas supplies and disruptions to other sources of energy, global wholesale gas prices have been volatile, reaching a record high gas price of £7.88 per therm on August 2022. The combination of the volatile energy wholesale prices, the price cap set by the Office of Gas and Electricity Markets (Ofgem) in the UK, and the Energy Price Guarantee (EPG) put in place by the UK government has temporarily stopped energy switching services which has an adverse impact on the Company's revenue. High prices on their own are not a barrier to switching; the interplay between the high energy prices and the EPG is key to the performance of the switching market. As the EPG is currently lower than wholesale prices, suppliers removed their acquisition tariffs from the market and consumer switching is effectively paused. In 2023, natural gas prices have fallen sharply close to the levels they were in September 2021 due to the alleviation of immediate supply issues; however, the EPG remains below the price of natural gas.	• 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.

Competitive environment The Company operates in market places 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 introduced Operational Resilience rules to be implemented from 31 March 2022 to 31 March 2025 to prevent the potential of *disruption causing harm to* consumers and/or financial services markets. The rules require businesses to identify important business services, set impact tolerances and carry out mapping and scenario testing of these processes. 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.

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 2022.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from signing these financial statements. 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 £753k (2021: £5,342k) and net current assets of £28,817k (2021: £52,414k). In January 2022, in line with the wider Group's treasury strategy, the Company entered into a cash pooling arrangement with an intermediate parent company alongside other Group companies. The net current asset position remains 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 on Jul 20, 2023 and signed on its behalf.

D Chandler
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £4,173k (2021 - £31,205k).

No dividends were declared during the year (year to 31 December 2021 - £nil). The Directors do not recommend a final dividend in respect of the year ended 31 December 2022.

Matters covered in the Strategic Report

In accordance withthe Companies' Act 2006, s414 (c), information in respect of business activities, going conern, risk and future develeopments, engagement with suppliers, customers and others is shown in the Strategic Report.

Streamlined Energy and Carbon Reporting

The Company meets the 'large' company definition in Streamlined Energy and Carbon Reporting ("SECR"). The required disclosure is included in Environmental Matters section in page 15 of Zephyr Midco 2 Limited consolidated financial statement.

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 £1,051k (2021: £691k) in relation to technology development costs.

Charitable contributions

During the year the Company made charitable donations of £6,572 (year to 31 December 2021 £18,307).

Directors

The Directors who served during the year were:

T Syed (resigned 7 December 2022)
D Chandler
A McCarey (appointed 14 September 2022)

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.

Engagement with 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.

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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

There were no significant subsequent events since the statement of financial position date.

This report was approved by the board on Jul 20, 2023 and signed on its behalf.

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D Chandler
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

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 judgements 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 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 31 December 2022 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; and
- the related notes 3 to 24.

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
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 a: 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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, pension legislations 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 valuation of accrued income and accuracy of the resulting revenue, due to the reason that estimation is involved in calculation of accrued income and could present a risk of manipulation. Our specific procedures performed to address it are as described below:

- we obtained an understanding of the revenue process, challenged management on the valuation of items accrued and selected a sample of items to agree to supporting documentation. For samples selected, we performed retrospective review of management's estimation process by reviewing overs & unders and aged accrued income items to evaluate the judgements used in the valuation of accrued income.

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 (Jul 20, 2023 17:53 GMT+1)

Rachel Argyle (Senior statutory auditor)

for and on behalf of

Deloitte LLP

1 New Street Square
London, United Kingdom
EC4A 3HQ
Date: Jul 20, 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021 £000
Revenue	4	**63,226**	101,127
Administrative expenses		**(55,740)**	(70,449)
Operating profit	5	**7,486**	30,678
Finance income	9	**-**	65
Finance costs	10	**(107)**	(34)
Profit before tax		**7,379**	30,709
Tax on profit	11	**(3,206)**	496
Profit for the financial year		**4,173**	31,205

There was no other comprehensive income for 2022 (2021:NIL).

The notes on pages 23 to 42 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £000		2021 £000
Fixed assets					
Intangible assets	13		**2,544**		2,677
Tangible assets	14		**1**		2
Loan to Group undertaking			**154,652**		125,867
			157,197		128,546
Current assets					
Debtors: amounts falling due within one year	16	**57,036**		58,815	
Current tax asset	19	**3,869**		3,670	
Cash at bank and in hand	17	**753**		5,342	
		61,658		67,827	
Creditors: amounts falling due within one year	18	**(32,841)**		(15,413)	
Net current assets			**28,817**		52,414
Total assets less current liabilities			**186,014**		180,960
Provisions for liabilities					
Deferred taxation	19	**(511)**		(82)	
			(511)		(82)
			185,503		180,878
Net assets			**185,503**		180,878

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Capital and reserves			
Called up share capital	20	**100**	100
Retained earnings	21	**185,403**	180,778
		185,503	180,878

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
Jul 20, 2023

D Chandler
Director

The notes on pages 23 to 42 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2021	100	149,154	149,254
Comprehensive income for the year			
Profit for the year	-	31,205	31,205
Total comprehensive income for the year	-	31,205	31,205
Contributions by and distributions to owners			
Share based payments	-	419	419
Total transactions with owners	-	419	419
At 1 January 2022	100	180,778	180,878
Comprehensive income for the year			
Profit for the year	-	4,173	4,173
Total comprehensive income for the year	-	4,173	4,173
Contributions by and distributions to owners			
Share based payments	-	452	452
Total transactions with owners	-	452	452
At 31 December 2022	100	185,403	185,503

The notes on pages 23 to 42 form part of these financial statements.

1. General information

Uswitch Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England & Wales. 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 11.

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 judgement in applying the Company's accounting policies (see note 3).

The Company is a wholly-owned subsidiary of ZPG Comparison Services Holdings UK Limited and is included in the consolidated accounts of Zephyr Midco 2 Limited.

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.

This information is included in the consolidated financial statements of Zephyr Midco 2 Limited as at 31 December 2022 and these financial statements may be obtained from The Cooperage, 5 Copper Row, London, SE1 2LH.

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

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 2022 that have had a material impact on the Company. At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 Amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between and Investor and its Associate or Joint Venture
Amendments to IAS 1	Caliidifcation of Liabilites as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Compnay in future periods, except as noted below:

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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 at least 12 months from signing these financial statements. 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 £753k (2021: £5,342k) and net current asset of £28,817k (2021: £52,414k). In January 2022, in line with the wider Group's treasury strategy, the company entered into a cash pooling arrangement with an intermediate parent company alongside other Group companies. The net current asset position remains 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 Zephyr 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 reporting 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

2.11 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.

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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.

2.12 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.

2.13 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

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

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. Judgements 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.

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 2022 is £11,561k (2021 - £12,496k). Accrued income has decreased due to the adverse macro-economic environment impacting the energy market.

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.

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 judgements 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.

There are no other key accounting judgements.

4. Revenue

Analysis of turnover by country of destination:

	2022 £000	2021 £000
United Kingdom	**63,226**	101,127
	63,226	101,127

5. Operating profit

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

	2022 £000	2021 £000
Depreciation of tangible fixed assets	**1**	1
Amortisation of intangible assets	**1,184**	533
Share based payments charge	**452**	419
Research and development tax credits	**(45)**	(210)

The total gross value of research and development expenditure in the year was £1,051k (year to 31 December 2021 - £626k). Research and development expenditure relate to staff costs incurred in the development of new products and features.

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and their associates:

	2022 £000	2021 £000
Fees payable to the Company's auditor and their associates in respect of:		
Audit of the Company's financial statements	**120**	113

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

7. Employees

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

	2022 £000	2021 £000
Wages and salaries	**14,105**	13,853
Social security costs	**2,141**	1,857
Cost of defined contribution scheme	**405**	258
Share based payments	**450**	419
	17,101	16,387

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

	2022 No.	2021 No.
Administration	**267**	256
Management	**2**	1
	269	257

8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	**231**	145
Defined contribution pension cost	**11**	10
	242	155

The highest paid Director received remuneration of £173k (2021 - £155k). The increase in the year is due to a Director appointment on 14 September 2022.

Total number of Directors who were part of the Definied Contribution Pension Scheme in the year was 2 (2021: 1).

9. Finance income

	2022 £000	2021 £000
Other interest receivable	-	65
	-	65

10. Finance costs

	2022 £000	2021 £000
Bank and overdraft fees	5	5
Realised foreign exchange losses	102	29
	107	34

11. Income tax expense/(credit)

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	2,891	1,690
Adjustments in respect of previous periods	(114)	(1,900)
Total current tax	2,777	(210)
Deferred tax		
Origination and reversal of timing differences	147	(83)
Adjustments in respect of prior periods	233	(222)
Effects of changes in tax rates	49	19
Total deferred tax	429	(286)
Taxation expense/(credit) for the year	3,206	(496)

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

Factors affecting tax expense/(credit) for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit before tax	**7,379**	30,709
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**1,402**	5,835
Effects of:		
Expenses not deductible for tax purposes	**174**	100
Adjustments to tax charge in respect of prior periods	**119**	(2,122)
Changes to tax rates	**49**	19
Group relief	**1,462**	(4,328)
Total tax expense/(credit) for the year	**3,206**	(496)

Factors that may affect future tax charges

The effective tax rate for the year to 31 December 2022 was 43.4% (year to 31 December 2021 -2.8%).

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 2022, and as a result the deferred tax balances have been revalued to the amended 25% rate.

12. Dividends

The Directors did not recommend a final dividend in respect of the year ended 31 December 2022 (period to 31 December 2021 - nil).

13. Intangible assets

	Computer software £000
Cost	
At 1 January 2022	**4,637**
Additions	**1,051**
At 31 December 2022	**5,688**
Amortisation	
At 1 January 2022	**1,960**
Charge for the year on owned assets	**1,184**
At 31 December 2022	**3,144**
Net book value	
At 31 December 2022	**2,544**
At 31 December 2021	2,677

14. Property, plant and equipment

	Computer equipment £000
Cost or valuation	
At 1 January 2022	4
At 31 December 2022	4
Depreciation	
At 1 January 2022	2
Charge for the year on owned assets	1
At 31 December 2022	3
Net book value	
At 31 December 2022	1
At 31 December 2021	2

15. Loan to Group undertakings

	Total £000
At 1 January 2022	125,867
Additions	28,785
At 31 December 2022	**154,652**

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.

16. Debtors: amounts falling due within one year

	2022 £000	2021 £000
Trade debtors	**4,697**	2,782
Amounts owed by group undertakings	**39,935**	42,574
Other debtors	**31**	24
Prepayments and accrued income	**12,373**	13,435
	57,036	58,815

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.

17. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	**753**	5,342
	753	5,342

In January 2022, in line with the wider Group's treasury strategy, the company entered into a cash pooling arrangement with an intermediate parent company alongside other Group companies. The net current asset position remains 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.

18. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade payables	**4,496**	4,082
Accruals	**2,791**	4,115
Deferred income	**22**	44
Other taxation and social security	**3,299**	2,475
Amounts owed to group undertakings	**21,791**	4,408
Other payables	**442**	289
	32,841	15,413

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 nil (2021: £1,509k), 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. The amount owed has increased due to entering into the Group cash pooling arrangement.

19. Deferred taxation

	2022 £000
At beginning of year	**(82)**
Credited to profit or loss	**(429)**
At end of year	**(511)**

19. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2022 £000	2021 £000
Property, plant and equipment	**(544)**	(117)
Short-term temporary differences	**33**	35
	(511)	(82)

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:

20. Share capital

	2022 £000	2021 £000
Authorised, allotted, called up and fully paid		
20,000 (2021 - 20,000) Ordinary shares of £5.00 each	**100**	100

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

21. Reserves

Share based payment reserve

Retained earnings include share based payment charges in the year of £450k (31 December 2021 - £419k). Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in Zephyr 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.

22. 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 18 of these financial statements.

23. Post balance sheet events

In the opinion of the directors there are no post balance sheet events to disclose.

24. 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 2022 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 2022 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.