

Moneysupermarket.com Limited

Statutory accounts

Registered number 03945937

31 December 2019



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Officers and professional advisers

| | |
|----------------------------|---|
| Directors | M P Lewis S Grimble |
| Company secretary | K Bellau |
| Registered and head office | Moneysupermarket House St David's Park Ewloe Chester CH5 3UZ |
| Legal advisers | Herbert Smith Exchange House Primrose Street London EC2A 2EG Addleshaw Goddard One St Peter's Square Manchester M2 3AE |
| Auditor | KPMG LLP 15 Canada Square London, E14 5GL |
| Bankers | Lloyds Banking Group Plc City Office PO Box 1000 Barclays Bank Plc 3 Hardman Street Manchester M3 3AX HSBC Bank Plc 55 Corporation Street West Midlands Coventry CV1 1GX |

Strategic report

The directors present their strategic report, directors' report and the audited financial statements for the year ended 31 December 2019.

Principal activities

Moneysupermarket.com Limited ("the Company") introduces consumers to financial, insurance, travel, home services and other product providers through its two branded websites, MoneySuperMarket.com and TravelSupermarket.com.

The two websites provide price comparison and lead generation services to customers across a wide range of products including money, insurance and home services.

The websites allow customers to compare products from many different service providers simultaneously, enabling the customer to select the best product or service for them based upon their given set of circumstances. From a provider's perspective it enables them to access significant numbers of customers who are ready to transact, having already compared the market, at a favourable acquisition cost relative to other sources of customer acquisition. The Company's activities are expected to continue in future periods.

Some elements of the Money and Insurance verticals within the MoneySuperMarket.com business are regulated by the Financial Conduct Authority. As the business operates within the Energy sector, Moneysupermarket.com has elected to comply with OFGEM requirements where relevant.

The Company is an appointed representative on behalf of Moneysupermarket.com Financial Group Limited which is the company that is authorised by the FCA.

Performance of the business

The results of the business are presented on pages 13 to 25. Turnover increased by 5.5% to £350.1 million in the year (2018: £332.0 million). Profit before tax increased by 9.4% to £84.1 million (2018: £76.9 million). Operating margins increased to 24.0% in the year (2018: 23.3%).

Insurance revenue grew 3.2%. Our natural search positions were consistently high in 2018 and in the first half of 2019. However, in the second half of the year our natural search positions were more volatile and weaker on average. This meant we had fewer customers coming to us via natural search which suppressed our revenue growth across the vertical.

Money revenue declined by 1.4% in the year due to a reduction in the attractiveness and availability of promotional incentives which significantly affected switching levels for banking products. Credit products performed well over the year although in the final quarter the market slowed and consumer search demand fell.

Home Services delivered a strong performance, growing 37.5% year on year, driven by high levels of energy switching.

TravelSupermarket continued to underperform, with visitors for package holidays and car hire falling and a challenging macro environment for the travel market adversely impacting the first half.

Gross margin decreased in the year from 62.1% in 2018 to 60.1% in 2019, caused by consumers continuing to shift to mobile and weaker natural search positions.

The Company incurred capital expenditure of £9.8m in 2019 (2018: £10.6m) reflecting the ongoing shift of spend toward operating expenditure.

The Company ended the year with net assets of £125.5m (2018: £55.4m) and cash balances of £19.9m (2018: £36.0m).

Strategic report (continued)

KPIs

The directors use key performance indicators ('KPIs') to assess the performance of the business against the Company's strategy. These are reviewed on a regular basis. The principal financial KPIs for the business are as follows:

| | 2019 | 2018 |
|------------------|-------|-------|
| | £m | £m |
| Revenue | 350.1 | 332.0 |
| Operating profit | 84.1 | 77.3 |
| Profit after tax | 70.1 | 61.1 |

The other financial and non financial KPIs for the business are as follows:

| | 2019 | 2018 |
|---|--------|--------|
| Average monthly unique visitors (million) | 5.5 | 5.5 |
| Investment in technology (£million) | 9.8 | 10.6 |
| Active users (million) | 13.1 | 12.9 |
| Net promoter score | 72 | 71 |
| Estimated savings made by customers | £2.0bn | £2.1bn |
| Marketing margin | 61% | 63% |

Active Users: The number of unique accounts running enquiries in our core seven channels for MoneySuperMarket (Motor insurance, Home insurance, Life insurance, Travel insurance, Credit Cards, Loans and Energy) in the prior 12 month period.

Net Promoter Score: The twelve monthly rolling average NPS (1 Jan - 31 Dec inclusive) measured by YouGov Brand Index service Recommend Score weighted by revenue.

Estimated Customer Savings: This is calculated by multiplying sales volume against the average saving per product for core channels. The balance of the calculation is a Company estimation.

Marketing Margin: The inverse relationship between revenue and total marketing spend represented as a percentage. Total marketing spend includes the direct cost of sales plus distribution expenses.

| | 31 December 2019 | 31 December 2018 | % Change |
|----------------------------|---------------------|---------------------|----------|
| Visitors (million) | 131.5 | 129.9 | 1.2 |
| Transactions (million) | 53.6 | 57.2 | (6.3) |
| Revenue (£million) – total | 350.1 | 332.0 | 5.5 |
| RPV | £2.66 | £2.56 | 4.0 |
| RPT | £6.53 | £5.80 | 12.6 |

Visitors: The Company measures the number of visitors to its websites as the number of unique visitors per day, per channel, per device, measured on a cumulative basis using cookie-based tracking technologies

Transactions: MoneySuperMarket measures transactions at the point in time that the customer leaves MoneySuperMarket's website having clicked through to a third party website, or in some cases having completed an application form hosted on the Company's websites.

Revenue per visitor ('RPV'): The Company measures the total revenue (including click and other internet revenue) divided by the number of visitors defined above.

Revenue per transaction ('RPT'): The Company measures the click based revenue divided by the total number of transactions defined above.

Strategic report (continued)

Section 172 statement

The directors of the Company must act in accordance with a set of general duties. These duties are detailed in the Companies Act 2006 (the “Act”) and include a duty to promote the success of the Company. An explanation of how the directors performed their duties under s.172 of the Act is detailed below:

- The directors of the Company are also the two executive directors of Moneysupermarket.com Group plc
- The directors receive a paper in each board pack reminding them of their s. 172 and other director duties and having regard to the Group’s stakeholders when making decisions;
- The directors receive bi-annual updates from the Chief People Officer on people, culture, diversity, talent and engagement;
- ‘Employee Voice Update’ has been added as a standing agenda item and NED Employee Champion, Sarah Warby provides feedback on engagement sessions for further discussion by the Board;
- At the annual strategy two-day off-site meeting between the Board and Executive team, potential impacts to stakeholders are discussed and considered, when deciding and agreeing on strategic initiatives;
- The Chair meets with major shareholders and outcomes are shared with Board members; members of the Executive team also meet with major shareholders and provide feedback to the Board in their Management Reports;
- Provider feedback is received through business updates given to the Board during the year;
- Customer and user updates are provided to the Board by the Executive team three times per year;
- Key advisers attend and contribute to Board and Committee meetings;
- Regulatory updates are provided to the Risk Committee and, where appropriate, to the whole Board, including direct interaction with the FCA and other regulatory bodies; and
- The Company strives to reduce its environmental impact and has committed to being carbon neutral by the end of 2020.

Strategic report (continued)**Key risks and uncertainties**

The table below summarises the material operational and financial risks to the Company, and how we seek to mitigate them in the day-to-day running of the business:

Operational risks

| Risk area | Potential impact | Mitigating activities and developments in 2019 |
|---|---|--|
| Competitive environment and consumer demands | Loss of market share or reduction in margins as a result of channels and platforms not delivering expected benefits to customers | <p>Continuous innovation of new services and ongoing evolution of existing propositions.</p> <p>Regular engagement with consumers to understand changes in how they use our services.</p> <p>Investment in our technology platforms to improve customer experience and make comparing products easier.</p> <p>Our focus in 2019 has been on the personalisation of customer journeys, including the launch of new engagement tools (energy monitor and credit monitor).</p> <p>Our mortgage proposition is developing well and we are engaging with the FCA to ensure our customer journey remains compliant.</p> |
| Brand strength and reputation | Loss of confidence by customers in the brands operated by MoneySuperMarket resulting in reduced engagement and loyalty from customers. | <p>Investment in marketing across a range of media to maintain the Company's brands in consumers' minds.</p> <p>Arrangement of exclusive and competitive deals to offer consumers market-leading products and prices.</p> <p>This year we re-launched our MoneySuperMarket brand, which has been well-received by our customers.</p> |
| Data security and cyber | Negative impact on reputation and loss of customer trust through the impact of an operational event such as a cyber attack or misuse of customer personal data or errors in implementation of new technology. | <p>Rigorous monitoring and regular testing of MoneySuperMarket's systems and infrastructure as well as robust access controls to data and systems.</p> <p>Technology investments have improved the robustness of the Company's infrastructure and platforms.</p> <p>MoneySuperMarket has continued to improve internal cyber education, working practices and physical security. The Company has continued to monitor developments in cyber security threats, engaging third party specialists as appropriate.</p> |
| Economic conditions | Weaknesses in the UK economy including as a result of Brexit and Covid-19, may lead to more challenging conditions for the Company and reduced financial performance. | <p>MoneySuperMarket maintains a diversified business across a range of products and regularly monitors market conditions and environment, focusing on maintaining control of the cost base.</p> <p>The continued diversity of the Company across a portfolio of brands and channels offers the Company protection from cyclical economic changes.</p> <p>MoneySuperMarket assessed and continues to consider the potential challenges associated with Brexit including the preparation of potential mitigation plans.</p> <p>MoneySuperMarket continues to assess the impact of Covid-19 by monitoring market conditions across all verticals and controlling the cost base.</p> |

Strategic report (continued)

Key risks and uncertainties (continued)

| | | |
|---------------------------------------|--|---|
| Data processing and protection | As an intermediary, MoneySuperMarket risks claims from providers if errors in operating procedures or technology results in incorrect or incomplete product or customer data being transferred to or from providers. | <p>We continue to embed data protection and GDPR requirements including enhanced governance arrangements, embedding of Data Privacy Impact Assessments and stronger processes to respond effectively to enhanced rights of consumers.</p> <p>We have invested in quality assurance and testing within technology release processes and strengthened controls in respect of data mapping.</p> |
| Business transformation | Inability to manage the implementation of the new strategic priorities appropriately could lead to the focus being disrupted which is supported by the need to retain and recruit colleagues with strong industry, technology and marketing expertise. | <p>Strong management structures which provide clear and straightforward responsibilities and accountabilities in the delivery of strategic priorities.</p> <p>Effective governance arrangements to oversee implementation of strategic priorities.</p> <p>Structured approach to recruitment and retention of high quality talent combined with learning and development activities for existing colleagues.</p> <p>Embedding an innovative and inclusive culture has been a priority.</p> <p>Our strategy to relocate a significant number of technology and product roles to our new Manchester office is now complete.</p> |
| Relevance to partners | Providers may increase their focus on customer retention rather than acquisition or seek alternative sources of customer acquisition. | <p>Strong relationships with partners enables us to access exclusive deals and offers for our customers.</p> <p>We have enhanced our customer insights and data analysis for partners to help them understand how they can further improve their products.</p> |
| Regulation | Changes to existing regulation or the introduction of new regulatory requirements which requires changes to the core business model in order to comply. | <p>MoneySuperMarket maintains regular and ongoing dialogue with key regulatory bodies to ensure compliance.</p> <p>The Risk and Compliance function works across the business to ensure it remains compliant with existing regulation.</p> <p>MoneySuperMarket has monitored and responded to new and emerging regulatory developments. The Company has proactively engaged with regulators including FCA (in respect of the Insurance Distribution Directive), Ofgem and CMA.</p> |

By order of the Board



K Bellau
Secretary

MoneySupermarket House
St David's Park
Ewloe
Chester, UK
CH5 3UZ

30 June 2020

Directors' report

Directors

The directors who held office during the current year were as follows:

M P Lewis
S Grimble (appointed 4 February 2019)

Company secretary

D P Drabble resigned as company secretary on 8 February 2019. K Bellau was appointed as company secretary on 8 February 2019.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Employees

The Moneysupermarket.com Group, of which the Company is a part, actively encourages employee involvement and consultation and places considerable emphasis on keeping its employees informed of MoneySuperMarket's activities via formal half yearly business performance updates, regular update briefings, regular team meetings, MoneySuperMarket's intranet site which enables easy access to the latest Group information as well as Group policies, and the circulation to employees of relevant information including corporate announcements. This also helps to achieve a common awareness amongst employees of the financial and economic factors affecting the performance of MoneySuperMarket.

MoneySuperMarket has an established employee forum through which nominated representatives ensure that employees' views are taken into account regarding issues that are likely to affect them. A robust employee engagement survey process is also in place to ensure that employees are given a voice in the organisation and that MoneySuperMarket can take action based on employee feedback.

MoneySuperMarket is committed to an equal opportunities policy. MoneySuperMarket aims to ensure that no employee is discriminated against, directly or indirectly, on the grounds of colour, race, ethnic and national origins, sexual orientation or gender, marital status, disability, religion or belief, being part time, or on the grounds of age.

MoneySuperMarket recognises the importance of health and safety and the positive benefits to MoneySuperMarket. MoneySuperMarket has a health and safety policy which is communicated to all employees through a handbook, which is regularly reviewed and updated..

Disabled persons have equal opportunity when applying for vacancies, with due regard to their skills and abilities. Procedures ensure that disabled employees are fairly treated in respect of training and career development. For those employees becoming disabled during the course of their employment, MoneySuperMarket is supportive so as to provide an opportunity for them to remain with MoneySuperMarket, wherever reasonably practicable.

Directors' report (continued)

Business ethics

The Company has formal ethics and anti-bribery policies which incorporate MoneySuperMarket's key principles and standards governing business conduct towards our key stakeholder groups. We believe we should treat all of these groups with honesty and integrity.

Communities and charities

The Moneysupermarket.com Company has a number of initiatives in place in relation to communities and charities; please refer to MoneySuperMarket Group financial statements published on <http://corporate.moneysupermarket.com/> for details.

Supporting students

In order to build links between the Company and local schools and colleges, work experience and placements are offered to a number of students. In doing so, the Company strives to make work placements positive, challenging and relevant to participants' current studies and their future job prospects.

Dividends

The directors do not recommend the payment of a final dividend.

The Company has not paid an interim dividend to MoneySuperMarket Financial Group Limited during 2019 (2018: £210.0m).

Political contributions

The Company has not made any political donations or incurred any political expenditure during the year (2018: £nil).

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue to trade for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. In making this assessment the directors have considered the key risks and uncertainties highlighted in the directors report, and would like to draw your attention to the following:

- The Company generated £70.1 million of profit after tax during the year ended 31 December 2019;
- The Company has net assets at the balance sheet date of £125.5 million; and
- The Company has access to £19.9 million of liquid assets in the form of cash.

Post year end trading has been affected by Covid-19 which has seen a decline in trade across all verticals except Home Services, impacting Travel, Insurance and Money. Despite the downturn in trade, the Company is still generating strong profits and has access to liquid assets in the form of cash therefore management are confident that the going concern assumption is appropriate.

Significant event since the balance sheet date

As mentioned above, post year end there has been a global pandemic, Covid-19, which has affected the trade of the Company. However, this is a non-adjusting event and no balance sheet adjustment has been made.

Directors' report (continued)

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the strategic report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will continue in office.

By order of the board



K Bellau
Secretary

Moneysupermarket House
St David's Park
Ewloe
Chester, UK
CH5 3UZ

30 June 2020

Statement of directors' responsibilities

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Moneysupermarket.com Limited

Opinion

We have audited the financial statements of Moneysupermarket.com Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Moneysupermarket.com Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



William Greenfield (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

30 June 2020

Profit and loss account and other comprehensive income
For the year ended 31 December 2019

| | <i>Note</i> | 2019 £m | 2018 £m |
|---|-------------|--------------------|--------------------|
| Turnover | 3 | 350.1 | 332.0 |
| Cost of sales | | (139.6) | (125.9) |
| Gross profit | | 210.5 | 206.1 |
| Distribution costs | | (29.3) | (29.8) |
| Administrative expenses | | (97.1) | (99.0) |
| Operating profit | 4 | 84.1 | 77.3 |
| Net finance expense | | - | (0.4) |
| Profit before taxation | | 84.1 | 76.9 |
| Taxation | 6 | (14.0) | (15.8) |
| Profit after taxation and total comprehensive income | | 70.1 | 61.1 |

The notes on pages 16 to 25 form part of these financial statements.

Balance sheet
At 31 December 2019

| | <i>Note</i> | 2019 £m | 2018 £m |
|---|-------------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 14.0 | 13.7 |
| Intangible assets | 8 | 26.9 | 28.2 |
| | | <u>40.9</u> | <u>41.9</u> |
| Current assets | | | |
| Debtors | 9 | 789.0 | 587.4 |
| Cash and cash equivalents | | 19.9 | 36.0 |
| | | <u>808.9</u> | <u>623.4</u> |
| Creditors: amounts falling due within one year | 10 | <u>(724.0)</u> | <u>(609.5)</u> |
| Net current assets | | <u>84.9</u> | <u>13.9</u> |
| Total assets less current liabilities | | <u>125.8</u> | <u>55.8</u> |
| Deferred tax provision | 11 | <u>(0.3)</u> | <u>(0.4)</u> |
| Net assets | | <u>125.5</u> | <u>55.4</u> |
| Capital and reserves | | | |
| Called up share capital | 12 | 0.0 | 0.0 |
| Profit and loss account | | 125.5 | 55.4 |
| Total shareholder's funds | | <u>125.5</u> | <u>55.4</u> |

The notes on pages 16 to 25 form part of these financial statements.

These financial statements were approved by the Board of Directors on 30 June 2020 and were signed on its behalf by:



S Grimble
Director

Registered number 03945937

Statement of changes in equity
for the year ended 31 December 2019

| | Called up share capital | Profit and loss account | Total shareholder's funds |
|----------------------------|-------------------------------|----------------------------|------------------------------|
| At 1 January 2018 | 0.0 | 204.3 | 204.3 |
| Total comprehensive income | - | 61.1 | 61.1 |
| Equity dividends | - | (210.0) | (210.0) |
| At 31 December 2018 | 0.0 | 55.4 | 55.4 |
| Total comprehensive income | - | 70.1 | 70.1 |
| At 31 December 2019 | 0.0 | 125.5 | 125.5 |

The notes on pages 16 to 25 form part of these financial statements

Notes to the financial statements

1. Company information

Moneysupermarket.com Limited is a private limited liability company incorporated and domiciled in England and Wales in the UK. The registered number is 03945937. The registered address is Moneysupermarket House, St David's Park, Ewloe, Chester, CH5 3UZ.

2. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 – *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS 102). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest million. These financial statements are prepared on the historical cost basis.

The Company's ultimate parent undertaking, Moneysupermarket.com Group plc, includes the Company in its own published consolidated financial statements. The consolidated financial statements of Moneysupermarket.com Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public, and a copy may be obtained from its registered address, Moneysupermarket House, St David's Park, Ewloe, CH5 3UZ. In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of Moneysupermarket.com Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Revenue accruals are calculated by applying revenue per transaction based on historic trends to the number of clicks tracked.

Information about assumptions and estimation uncertainties at 31 December 2019 that may have a risk of resulting in an adjustment to the carrying amounts of assets and liabilities in the next financial year is included in note 2 statement of accounting policies - revenue recognition (revenue that has not been received as cash at the period end)

Notes to the financial statements (continued)

2. Statement of accounting policies (continued)

Use of estimates and judgements (continued)

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 8 - capitalisation of software and development costs.

Going concern

The directors have prepared the financial statements on a going concern basis for the following reasons. The Company is profitable, cash generative and has no debt external to the Group. The operations of the business have been impacted by Covid-19 and whilst revenues have decreased since lockdown commenced compared to the same period in 2019, the Company remains profitable and cash generative.

The directors have prepared cash flow forecasts for the Company, including its cash position, for a period in excess of 12 months from the date of approval of these financial statements. The operations of the Group have been similarly affected and cash flow forecasts for the Group for a period of in excess of 12 months from the date of approval of the financial statements have also been prepared. The directors have also considered the effect of Covid-19 upon the Company and Group's business, financial position, and liquidity in severe, but plausible, downside scenarios, using stress testing, and scenario analysis techniques. These scenarios modelled included the potential impacts of the lockdown restrictions and impact on the wider economy for each revenue channel.

The scenarios tested showed that the Company and Group will be able to operate at adequate levels of liquidity for at least the next 12 months from signing the financial statements.

The directors, therefore, consider that the Company has adequate resources to continue in operational existence at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Revenue recognition and debtors

The Company generates fees from internet lead generation (click based revenue), commissions from brokerage sales, and advertising through a variety of contractual arrangements. The Company recognises click based revenue and associated costs in the period that the lead is generated. Brokerage commissions are recognised at the point of completion of the transaction with the customer. Advertising revenue is recognised in the period when an advertisement is delivered to the end user. Revenue is recognised net of value added tax.

As a result of click based revenue being recognised in the period that the lead is generated, there is an element of subjectivity in calculating a revenue accrual as a result of estimating the number of successful applications on the provider's website in the period between the latest provider data available and the year end. This revenue accrual can typically represent approximately one month's revenue. The accrued revenue is estimated by considering the volume of clicks that have passed from MoneySuperMarket's websites through to provider websites in the period, the historic conversion of such clicks into completed product purchases, and contracted revenue per transaction. From historical experience and post year end confirmation, MoneySuperMarket expects any differences between the amounts accrued at year end and those amounts subsequently billed to be not materially different.

The under and over estimates on revenue are typically in a region of +/- 3%, historically this has been an under estimate of revenue. A +/- 3% difference on the £27.7m revenue accrual (2018: £24.1m) would equate to approximately £0.8m (2018: £0.7m).

TV Advertising

Costs associated with the production of adverts are recognised as a distribution expense in the profit and loss account only once the advert is delivered in a format ready to use, having been approved for airing.

Recharged expenses

Overhead and payroll costs are recharged to Moneysupermarket.com Limited from other Group companies.

Notes to the financial statements (continued)

2. Statement of accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

Fixed assets and depreciation

Tangible fixed assets are presented at historical cost less accumulated depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | | |
|--------------------------|---|------------------------|
| Long leasehold land | - | Nil |
| Long leasehold buildings | - | 2% - 10% straight line |
| Computer equipment | - | 33.3% straight line |
| Fixtures and fittings | - | 20% straight line |
| Office equipment | - | 20% straight line |

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful life of each group of fixed assets. Land is not depreciated. Assets under construction are not depreciated until brought into use. The useful lives and depreciation rates are assessed at each reporting date.

Intangible assets and goodwill

Intangible assets

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. All of the Company's intangible assets have been identified as having finite useful lives. As such they are amortised on a straight line basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Technology based intangible assets are amortised between on a straight line basis between 20% - 33.3% on a straight line. These assets relate to innovations and technical advances such as computer software, patented and unpatented technology, databases and trade secrets.

Notes to the financial statements (continued)

2. Statement of accounting policies (continued)

Intangible assets and goodwill (continued)

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Impairment testing

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates in force for the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes to the financial statements (continued)

3. Turnover

All of the Company's turnover in the current and prior years was derived from its principal activity and was generated in the UK.

4. Operating profit

| | 2019 £m | 2018 £m |
|---|------------|------------|
| <i>Operating profit is stated after charging:</i> | | |
| Depreciation | 1.2 | 1.1 |
| Amortisation | 11.1 | 9.0 |
| Impairment | - | 0.7 |
| Auditor's remuneration: | | |
| Audit of these financial statements | 0.1 | 0.1 |
| Recharged expenses: | | |
| Payroll costs | 42.0 | 39.9 |
| Share based payment expenses | 0.9 | 0.4 |

The audit fee for the year ended 31 December 2019 was £65,448 (2018: £56,011).

The Company has no employees. Payroll and share based payment expenses are recharged in relation to staff who have employment contracts with Moneysupermarket.com Financial Group Limited, but operate on behalf of the Company.

The impairment charge in 2019 of £0.6m relates to the write down of technology intangible assets. The impairment in 2018 of £0.7m relates to the write down of Francis Smith House, an unused Group property in Hawarden, Flintshire to market value.

5. Remuneration of directors

The directors of this Company are also directors of other companies within the Moneysupermarket.com Group and accordingly the cost of their remuneration has been fully incurred by and accounted for in the ultimate parent company MoneySuperMarket.com Group plc. £1,136,000 (2018: £923,000) of the total cost of this remuneration has been allocated to this Company on the basis of their services as directors of each group Company. The remuneration of the highest paid director is £473,000. The above amounts include salary, bonus, pension and LTIP's.

Notes to the financial statements (continued)

6. Taxation

Analysis of taxation in year:

| | 2019 £m | 2018 £m |
|--|-------------------------|-------------------------|
| <i>UK corporation tax</i> | | |
| Current tax on profit for the year | 16.6 | 15.4 |
| Adjustment in relation to prior years | (2.5) | - |
| | <hr/> | <hr/> |
| | 14.1 | 15.4 |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | (0.2) | (0.9) |
| Adjustment in respect of prior years | 0.1 | 1.3 |
| | <hr/> | <hr/> |
| Taxation | <hr/> 14.0 <hr/> | <hr/> 15.8 <hr/> |

Factors affecting taxation for the current year:

Taxation for the year is less than (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are then explained below:

| | 2019 £m | 2018 £m |
|--|-------------------------|-------------------------|
| Profit before taxation | 84.1 | 76.9 |
| | <hr/> | <hr/> |
| Current tax at 19% (2018: 19%) | 16.0 | 14.6 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax | 0.2 | 0.1 |
| Adjustment in relation to prior periods | (2.4) | 1.3 |
| Movement relating to share based payments | 0.2 | - |
| Surrender of losses to other group companies | - | (0.2) |
| | <hr/> | <hr/> |
| Taxation | <hr/> 14.0 <hr/> | <hr/> 15.8 <hr/> |

At 1 April 2020, the government announced that the standard rate of corporation tax rate for the years commencing 1 April 2020 and 2021 would remain at 19%.

Notes to the financial statements (continued)

7. Tangible fixed assets

| | Long leasehold land £m | Long leasehold property £m | Computer equipment £m | Fixtures and fittings £m | Office equipment £m | Total £m |
|-----------------------|---------------------------------|-------------------------------------|-----------------------------|--------------------------------|---------------------------|-------------|
| Cost | | | | | | |
| At 1 January 2019 | 0.7 | 14.6 | 32.6 | 2.2 | 1.1 | 51.2 |
| Additions | - | 0.1 | 0.5 | 1.0 | - | 1.5 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2019 | 0.7 | 14.7 | 33.1 | 3.2 | 1.1 | 52.7 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | | |
| At 1 January 2019 | - | 3.1 | 31.2 | 2.1 | 1.1 | 37.5 |
| Charge for year | - | 0.7 | 0.3 | 0.1 | 0.1 | 1.2 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2019 | - | 3.8 | 31.5 | 2.2 | 1.2 | 38.7 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | | | |
| At 31 December 2019 | 0.7 | 10.9 | 1.6 | 1.0 | - | 14.0 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2018 | 0.7 | 11.5 | 1.4 | 0.1 | - | 13.7 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

At 31 December 2019, the Company was committed to incur expenditure during 2020 on tangible fixed assets of £1.4m (2018: £nil).

Notes to the financial statements (continued)

8. Intangible fixed assets

| | Technology £m | Total £m |
|------------------------------|------------------|-------------|
| Cost | | |
| At 1 January 2019 | 85.2 | 85.2 |
| Additions | 9.8 | 9.8 |
| | <hr/> | <hr/> |
| At 31 December 2019 | 95.0 | 95.0 |
| | <hr/> | <hr/> |
| Amortisation | | |
| At 1 January 2019 | 57.0 | 57.0 |
| Amortisation charge for year | 11.1 | 11.1 |
| | <hr/> | <hr/> |
| At 31 December 2019 | 68.1 | 68.1 |
| | <hr/> | <hr/> |
| Net book value | | |
| At 31 December 2019 | 26.9 | 26.9 |
| | <hr/> | <hr/> |
| At 31 December 2018 | 28.2 | 28.2 |
| | <hr/> | <hr/> |

In order to accurately quantify the value of internally generated technology assets the Company undertakes project tracking to record the cost of both internal and contract staff wholly assigned to each project. Third party costs incurred are allocated to investment projects and recognised at purchase cost. This approach ensures that technology related intangible assets accurately reflect the cost of development. As highlighted in Note 2, there is a degree of uncertainty regarding the recognition of costs incurred in developing technology related intangible assets. This is due to the asset recognition criteria being predicated on future economic benefit flowing from that asset.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

9. Debtors

| | 2019 £m | 2018 £m |
|--|------------|------------|
| Amounts falling due within one year: | | |
| Trade debtors | 8.7 | 11.0 |
| Accrued income | 27.7 | 24.1 |
| Amounts owed by parent and other group companies | 745.9 | 546.5 |
| Prepayments | 6.7 | 5.8 |
| | <hr/> | <hr/> |
| | 789.0 | 587.4 |
| | <hr/> | <hr/> |

There were no amounts falling due after more than one year (2018: nil).

Notes to the financial statements (continued)

10. Creditors: amounts falling due within one year

| | 2019 £m | 2018 £m |
|--|--------------|--------------|
| Trade creditors | 5.3 | 4.1 |
| Amounts owed to parent and other group companies | 670.8 | 553.3 |
| Corporation tax | 6.7 | 10.1 |
| Taxation and social security | 3.9 | 5.0 |
| Accruals | 37.3 | 37.0 |
| | <u>724.0</u> | <u>609.5</u> |

11. Deferred tax provision

| | 2019 £m | 2018 £m |
|---|------------|------------|
| At 1 January | 0.4 | - |
| Profit and loss account (credit)/charge | (0.1) | 0.4 |
| | <u>0.3</u> | <u>0.4</u> |
| At 31 December | | |

The elements of deferred taxation are as follows:

| | 2019 £m | 2018 £m |
|--|------------|------------|
| Depreciation in excess of capital allowances | 0.3 | 0.4 |

Notes to the financial statements (continued)

12. Called up share capital

| | 31 December 2019 | | 31 December 2018 | |
|---|------------------|---|------------------|---|
| | Number of shares | £ | Number of shares | £ |
| <i>Allotted, called up and fully paid</i> | | | | |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |

The holders of ordinary shares were entitled to returns of capital, receive a dividend and vote.

13. Operating lease commitments

Non-cancellable operating leases are as follows:

| | 2019 £m | 2018 £m |
|----------------------------|-------------|-------------|
| Expiry date: | | |
| Within one year | 2.7 | 2.6 |
| Between two and five years | 13.3 | 10.2 |
| Over five years | 25.5 | 21.7 |
| | <u>41.5</u> | <u>34.5</u> |

During the year, £2.0m was recognised as an expense in the profit and loss account in respect of operating leases (2018: £2.8m).

14. Ultimate parent company

The ultimate parent company and controlling party is Moneysupermarket.com Group plc, a company registered at Moneysupermarket House, St David's Park, Ewloe, CH5 3UZ. The largest group in which the results of the Company are consolidated is that headed by Moneysupermarket.com Group plc. Copies of Moneysupermarket.com Group plc accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

15. Post balance sheet event

Post year end there has been a global pandemic, Covid-19, which has affected the trade of this Company. There has been a decline in trade across all verticals except Home Services, impacting Travel, Insurance and Money however the Company is still generating strong profits and has access to liquid assets in the form of cash. This is a non-adjusting event and no balance sheet adjustment has been made.