

Company number 10636682

**Compare The Market Limited
Annual Report and Financial Statements
Year Ended 30 June 2020**



Compare The Market Limited

Year ended 30 June 2020

Annual report and financial statements

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Directors

AD Hewitt
MM Bailie
JIC Brown
TW Chambers
DJ Osborne
DJ Platt

Secretary and registered office

JC Brown
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Bakewell Road
Orton Southgate
Peterborough
PE2 6YS

Auditor

Ernst & Young LLP
25 Churchill Place
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E14 5EY

Compare The Market Limited

Year ended 30 June 2020

Strategic report

The directors present the strategic report for the year ended 30 June 2020.

Results and dividends

The annual results of Compare The Market Limited, ("the Company") for the year ended 30 June 2020 are set out on page 14 and show a profit before taxation of £150.8m (2019: £167.0m). The directors are pleased with the strong trading performance for the year and are confident of future prospects.

During the year, the Company has paid dividends on ordinary shares of £67.6m (2019: £23.0m).

Principal activities, trading review and future developments

The Company's principal activities comprise its price comparison website comparethemarket.com. It is authorised and regulated by the Financial Conduct Authority ("FCA").

The Company shares resources with fellow subsidiaries of BGL (Holdings) Limited ("BGL Group"). In order to improve operating efficiencies within the Group, personnel and infrastructure services are provided by BGL Group Limited to the Company, which raises a management charge in respect of all services provided.

During the year, in March 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. The Company invoked its business continuity plan, moving all colleagues to work from home and taking steps to ensure an uninterrupted service for our customers. The response is reflected in our results for the year, with revenue increasing by 3% despite the impact of Covid-19. Operating profit and profit before tax were impacted by incremental costs arising due to Covid-19 and reduced by 11% and 10% respectively.

Comparethemarket.com has experienced overall growth in Car, Home and Breadth products across the year. The impact of Covid-19 resulted in a decline in insurance products as a result of lockdown restrictions imposed, with recovery as lockdown measures eased towards the end of the financial year. As a result, there was an increase to customer numbers to 7.6m at 30 June 2020 (2019: 7.3m).

As a direct response to the pandemic, comparethemarket.com adapted its customer rewards propositions and managed its marketing and operating costs base effectively to deliver savings.

Comparethemarket.com will continue to leverage its investment in marketing, data and digital capabilities to enhance and broaden its product service offering and increase both customer numbers and loyalty.

Key performance indicators

	2020	2019	Movement
	£m	£m	
Revenue	446.3	432.8	3%
Operating profit	146.3	164.1	(11)%
Profit before taxation	150.8	167.0	(10)%

	Number	Number	Movement
Customer numbers	7.6m	7.3m	4%

The Company's balance sheet position remains strong with significant positive operating cash flows. While the scale and duration of the Covid-19 pandemic remain uncertain, the directors believe that the Company is able to withstand the operational and economic disruption of reasonable downside scenarios.

Compare The Market Limited

Year ended 30 June 2020

Strategic report

Risks and uncertainties

The Company has adopted the BGL Group's risk management framework. The framework seeks to identify and limit potential adverse effects on the financial performance of the Company and achievement of its objectives.

The BGL (Holdings) Limited board of directors ("the BGL Board") has established a Group risk appetite, which has been tailored for the Company. The Company has monitored its risk appetite through a set of key risk indicators and thresholds which have been appropriately calibrated for the business. These indicators are monitored on a quarterly basis and all risks considered to be outside of appetite are accompanied by appropriate action plans which are reviewed, approved and tracked by the Company's Audit & Risk Committee and the Group Risk Committee.

The BGL Board and the Company's Board review the implementation of processes for identifying, measuring, managing and controlling risks and receive and commission reports in relation to risk management activities.

The risks set out below are monitored using the BGL Group's risk management framework, which has been tailored for the Company, and through established levels of management and governance review, by the Company Board and Company Executive meetings.

Covid-19

The Covid-19 outbreak, and the resulting measures taken by government to contain the virus, have created a number of new operational, financial and risk challenges for the BGL Group. In the early stages of the pandemic, the Group's Risk Management Framework activated a Crisis Management Team ('CMT') structure, which met regularly to provide a focal point for evaluating newly developing risks and to make recommendations to the Group's governance committees on how to respond. This structure ensured appropriate decisions and actions were taken to quickly respond to a rapidly evolving risk landscape. Following initial activity to ensure that immediate risks were managed, processes were established to ensure ongoing identification and monitoring of the risks, including a Covid-19 risk register and regular risk reporting, and to implement mitigating strategies where needed. These processes will continue to operate as the pandemic and macroeconomic situation develops.

Operational risk

The Company recognises the risks arising from maintaining and making changes to people, organisational structures, systems, processes and infrastructure to support current operations and the on-going growth of the business. The Company monitors these risks on an on-going basis and puts in place appropriate controls to manage them within appetite.

Key sources of operational risk include business partner and supplier management, data security, change management, business continuity, and fraud and financial crime. The impact of the Covid-19 outbreak is set out above.

People risk

Key sources of people risk arise from the Company's resourcing, skills and competence requirements, key person dependency and its approach to reward and recognition. The Company has in place a number of initiatives around monitoring and developing the skills and experience of key roles across the Company. A comprehensive framework of HR processes, incorporating Reward and Resourcing strategic planning, underpins a pro-active people based risk management process.

Technology risk

The Company has in place processes to manage the design, availability, capacity, performance, infrastructure failure, integrity and security of its technology assets to support the current operations of the business and future change requirements.

The Company recognises cyber risk, such as the use of hacking techniques, social engineering or other malicious activities with the intent to cause damage or steal data for financial or competitive gain. The Company has in place a comprehensive framework of controls to actively manage this risk.

Compare The Market Limited

Year ended 30 June 2020

Strategic report

Risks and uncertainties (continued)

Conduct and Regulatory risk

Conduct risk is the risk that the Company's business model, product design or sales practices do not deliver good customer outcomes or meet customer needs. The Company has in place a clearly defined framework of controls to manage conduct risk.

Regulatory risk is the risk that the Company will breach the requirements of a regulator or competition authority. Compare The Market Limited is authorised and regulated by the Financial Conduct Authority ("FCA"). In addition, the business is exposed to other market regulators and competition authorities.

In addition, the business is required to comply with the rules and principles established by other market regulators and competition authorities. This risk is managed through an effective control framework and the operation of the governance structures.

The Company continues to review the legal and regulatory environment, particularly as its business model and product set evolves. It will proactively make recommendations for improvements or changes to the control environment where any changes to the risk or regulatory environment suggest these are appropriate.

In September 2020, the FCA published their 'General Insurance Pricing Practices' report and an accompanying consultation paper. The Group is currently evaluating the potential impact of these draft proposals, which are expected to come into effect in Q4 2021 following further consultation.

Conflicts of interest risk

Conflicts of interest risks could arise in circumstances where a duty owed to a customer conflicts with either the interests of the BGL Group and or the Company or duties owed by the BGL Group and or the Company to other customers. The BGL Group and the Company have in place a clearly defined framework of controls to manage conflicts of interest risk.

Strategic risk

The Company is continually managing a wider variety of risks relating to its business strategy and the markets in which it operates. These include risks relating to:

- The economic environment, which can impact the overall size or structure of the markets in which the Company operates;
- The insurance underwriting cycle, which can impact switching rates in response to premium changes; and
- The Company's business model and the ability to implement change to grow the business as well as react quickly and effectively to changes in competitor and consumer behaviour in the market place.

Reputational risk

Reputational risk is the risk of adverse publicity arising from the Company's relationships with its customers, partners, suppliers and regulators. Key sources of reputational risk arise around direct interaction with consumers and the performance of the Company's partner arrangements. The Company seeks to address reputational risks and also manage these risks where they arise, through established communications and public relations channels.

Brexit

The Company has performed a review of its operations in the light of the exit of the United Kingdom from the European Union and does not foresee any significant direct impact on the Group's business.

Compare The Market Limited

Year ended 30 June 2020

Strategic report

Risks and uncertainties (continued)

Financial risk

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks and liquidity. As noted above, the BGL Group has in place a risk management framework that has been tailored for the Company. Derivative financial instruments are used to manage these risks where appropriate.

The use of derivative financial instruments is governed by the BGL Group's policies approved by the BGL Board, which provide principles on the use of these instruments consistent with the BGL Group's risk management strategy. The BGL Group does not use derivative financial instruments for speculative purposes.

Section 172 (1) statement

The Directors have complied with their duties to promote the success of the Company for the benefit of its members whilst having regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

The Board of Compare The Market Limited (the "Board") is clear that robust decision making and good governance is essential to ensure the continued long-term success of the Company. In conjunction with BGL (Holdings) Limited and fellow group companies (the "BGL Group"), the Board achieves this by giving due regard to the interests of a broad range of stakeholders, including shareholders, employees, suppliers, customers, regulators and others. Whilst there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, some stakeholder engagement activities take place at a BGL Group level, particularly when matters are of Group wide significance. Decisions that are made at a BGL Group level are adopted by the Company Board.

One example of how the Company has had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 is in respect of the Covid-19 pandemic. During this period, the Board has met to consider the impact of the crisis on a broad range of stakeholders including, customers, staff and suppliers and the actions being taken by the Company to respond to the challenges that these different groups may have faced. In considering this issue, the Board has given regard to the impact of the Company's operations on the community, employee engagement, responsible business practices and the likely consequences of decisions in the long term. In particular, the Group put in place measures to ensure that colleagues could work from home during the pandemic, including providing the necessary equipment to support physical wellbeing and resources to support emotional and mental health.

Other examples of the general approach to how the Board takes into account its duties under section 172 when making decisions are set out in the remainder of this statement.

The Company did not directly employ any staff during the year. The services of individuals were obtained from BGL Group Limited, the management services company of BGL Group.

There are regular meetings and online opportunities for the Group's employees, with the aim of sharing financial and non-financial information on matters of concern and of interest to them as employees. These meetings also give employees the opportunity to ask questions and make their views known so that the Board can take this dialogue into account when making decisions which are likely to affect their interests.

The Group conducts regular employee satisfaction and feedback surveys. The Board receives the results of the survey, which it considers to be a good indicator of employees' confidence in the Company's strategic direction. The Board is also regularly provided with updates on other measures of employee engagement and initiatives undertaken by the Group to improve employee relations.

The Group endeavours to provide equality of opportunity in recruiting, training, promoting and career development to all, irrespective of race, ethnicity, religion, sexual orientation, gender or age. The Group gives full consideration to applications for employment or appointment to the Board from a person with a disability, where such a person can adequately fulfil the requirements of the role and workplace adjustments can be made to facilitate this appointment.

Compare The Market Limited

Year ended 30 June 2020

Strategic report

Section 172 (1) statement (continued)

Where existing employees become disabled it is the Group's policy, wherever practicable, to provide workplace adjustments to ensure continuing employment under normal terms and conditions, and to provide training and career development and promotion opportunities, wherever appropriate.

The Group operates a 'Speak Up' policy, also known as whistleblowing, to ensure that employees feel confident to raise any concerns about conduct which may be perceived to be unethical, unlawful and/or damaging to employees or customers. The Company offers internal and external channels where workplace concerns may be raised confidentially.

Making a difference for customers is at the core of the Group's vision. To ensure that this is achieved whilst also complying with all applicable regulatory requirements, the Group provides training to all employees and frequently tests them on their knowledge. There is a Customer Culture Steering Committee made up of employees from across the business which guides and promotes a strong customer culture. The Committee oversees a wide range of workstreams and projects to continually improve customer experience and protect vulnerable customers. Consistent customer focus is measured via a Customer Index generated from our employee survey.

Where the principal decisions made by the Company during the year lead to new, or substantially amended, products and marketing activities, the process from inception to launch considers the impact on customers. We publish aggregate complaints data based on volume of complaints received and upheld, and regularly review customer calls. Customer satisfaction is monitored by using Net Promoter Score (NPS), a metric which measures how many customers would recommend a brand.

The size and diversity of the Company means that third-party suppliers range from multinational organisations to local businesses. The Board aims to ensure that arrangements with suppliers are fairly negotiated and provide optimum levels of service.

The Board delegates the responsibility for day-to-day supplier management to individual business areas who are required to follow Group policies relating to the procurement of suppliers, approval and monitoring of contracts and the raising and authorisation of purchase orders. Together these policies assist the Board in meeting its business and strategic objectives and to balance the needs of customers, staff, commercial partners and other stakeholders.

The price comparison sector has been subject to an increasing degree of scrutiny from their regulatory authorities in recent years including the Financial Conduct Authority, the Competition and Markets Authority and Ofgem. The Company maintains a constructive and open relationship with its regulators with whom it works proactively to provide excellent customer outcomes.

The Board is dedicated to supporting communities in the UK and further afield. The Board promotes funding of locally based charities, volunteering and events at our sites through a dedicated Group-wide corporate social responsibility ("CSR") programme. The Group also uses match funding and payroll giving to encourage employees to raise and donate funds in the aid of good causes.

The CSR programme also develops longer-term partnerships with specific charities at home and abroad which are aligned to the Group's vision. These partnerships are designed to empower people and encourage education and entrepreneurship.

Reporting of the gender pay gap is considered at a Group level, through the Remuneration Committee. The Group's gender pay summary is published annually on the BGL website and a number of specific initiatives, including flexible working practices and mixed shortlisting are being constantly implemented in an effort to reduce the gap.

The Group publishes a slavery and human trafficking statement for each financial year as required by the Modern Slavery Act 2015. This statement outlines the steps the Group and Company have taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.

Compare The Market Limited

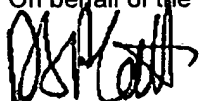
Year ended 30 June 2020

Strategic report

Section 172 (1) statement (continued)

As well as formal environmental reporting, a Group-wide employee-led Mi Environment programme covers a range of issues, including reducing plastic use, energy efficiency and wildlife conservation around our sites. Our technology policy promotes flexible working and aims to reduce unnecessary travel.

On behalf of the board:



DJ Platt

Director

2 October 2020

Compare The Market Limited

Year ended 30 June 2020

Report of the directors

The directors present their report together with the audited financial statements for the year ended 30 June 2020.

Results, dividends and future developments

Details of the Company's results, dividends and future developments are set out in the strategic report.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Company is disclosed on the balance sheet on page 16.

The directors have reviewed the budget and cash flow forecasts of the Company for a period of not less than 12 months from the date of approving these financial statements and are confident that they show the Group and Company will have sufficient resources to meet their liabilities as they fall due. This assessment is based on management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios, including the potential impacts of Covid-19.

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors of the Company during the year and to the date of signature were:

AD Hewitt (appointed 1 June 2020)
MA Allan (resigned 10 September 2020)
MM Bailie (appointed 1 September 2020)
JIC Brown
TW Chambers (appointed 1 June 2020)
MO Donaldson (resigned 19 June 2020)
I Echave (resigned 1 June 2020)
DJ Osborne
DJ Platt

Disclosure of information to auditor

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

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

Directors' indemnity provision

In accordance with the Company's Articles of Association, the Company has indemnified the directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is still in place as at the date of this report.

Auditor

In accordance with section 487 of the Companies Act 2006, Ernst & Young LLP has been appointed as the auditor for the year ended 30 June 2020.

Compare The Market Limited

Year ended 30 June 2020

Report of the directors

Streamlined energy and carbon reporting

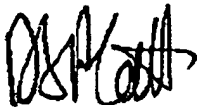
The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 require large companies to provide streamlined energy and carbon reporting (SECR) in their Financial Statements.

The Company is a qualifying subsidiary of BGL (Holdings) Limited and has taken the exemption, under Paragraph 20A, part 7A of Schedule 7 of the legislation to not disclose this information in the Company Financial Statements. The relevant disclosures are presented within the Group's report of the directors.

Events since the reporting date

The board of directors are not aware of any events after the reporting date requiring disclosure in these financial statements.

On behalf of the board:



DJ Platt

Director

2 October 2020

Compare The Market Limited

Year ended 30 June 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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; and
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Compare The Market Limited

Year ended 30 June 2020

Independent auditor's report to the members of Compare The Market Limited

Opinion

We have audited the financial statements of Compare The Market Limited for the year ended 30 June 2020 which comprise the Profit and Loss Account, the Statement of changes in equity, the Balance Sheet and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Compare The Market Limited

Year ended 30 June 2020

Independent auditor's report to the members of Compare The Market Limited

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Compare The Market Limited

Year ended 30 June 2020

Independent auditor's report to the members of Compare The Market 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.

Ernst & Young LLP

Jonathan Bell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 2 October 2020

Compare The Market Limited**Year ended 30 June 2020****Profit and loss account**

	Note	2020 £m	2019 £m
Révenue	3	446.3	432.8
Operating expenses		(300.0)	(266.3)
Costs related to corporate transactions and restructuring	4	-	(2.4)
Operating profit	4	146.3	164.1
Finance income	5	4.9	3.2
Finance costs	6	(0.4)	(0.3)
Profit before taxation		150.8	167.0
Tax expense	7	(32.2)	(31.2)
Profit for the financial year		118.6	135.8

All amounts relate to continuing activities.

There are no other items of comprehensive income other than those included above in the profit and loss account, accordingly profit for the year is also total comprehensive income for the year.

The notes on pages 17 to 30 form part of these financial statements.

Compare The Market Limited
Year ended 30 June 2020
Statement of changes in equity

	Note	Share capital £m	Retained earnings £m	Total equity £m
At 1 July 2018		35.0	69.5	104.5
Profit for the financial year		-	135.8	135.8
Dividends paid	17	-	(23.0)	(23.0)
At 30 June 2019		35.0	182.3	217.3
Profit for the financial year		-	118.6	118.6
Dividends paid	17	-	(67.6)	(67.6)
At 30 June 2020		35.0	233.3	268.3

The notes on pages 17 to 30 form part of these financial statements.

Compare The Market Limited**Year ended 30 June 2020****Balance sheet**

Company number 10636682

	Note	2020 £m	2019 £m
ASSETS			
Non-current assets			
Intangible assets	9	41.1	30.5
Property, plant and equipment	10	0.7	1.2
Deferred tax asset	11	0.1	0.1
Trade and other receivables	13	15.7	8.8
		57.6	40.6
Current assets			
Inventories	12	4.1	1.9
Trade and other receivables	13	267.3	227.7
		271.4	229.6
Total assets		329.0	270.2
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	14	33.0	47.3
Non-current liabilities			
Provisions for liabilities	15	27.7	5.6
Total liabilities		60.7	52.9
Equity			
Share capital	16	35.0	35.0
Retained earnings		233.3	182.3
Total equity		268.3	217.3
Total equity and liabilities		329.0	270.2

The financial statements were approved by the directors on 1 October 2020 and signed by:



DJ Platt
Director

The notes on pages 17 to 30 form part of these financial statements.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

1. Accounting policies

The Company's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out below. Accounting policies have been applied consistently to all periods presented in these financial statements

The accounting policies of the Company are set at a group level by BGL (Holdings) Limited ("the BGL Group") and adopted by the Board of the Company.

Basis of preparation

The Company, a private limited company incorporated and domiciled in England and Wales, has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries of BGL Group;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel.

BGL (Holdings) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of BGL (Holdings) Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and, as they include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements are stated in sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these financial statements are rounded to the nearest £0.1m.

The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis.

The directors have reviewed the budget and cash flow forecasts of the Company for a period of not less than 12 months from the date of approving these financial statements and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. This assessment is based on management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios, including the potential impacts of Covid-19.

As at 30 June 2020, the Company has net assets of £268.3m (2019: £217.3m), and net current assets of £238.4m (2019: £182.4m).

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

Going concern (continued)

Accordingly, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Foreign exchange

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies, are translated at the year end exchange rate, with all gains and losses being recognised in the Profit and Loss Account.

Revenue from contracts with customers

Revenue recognition is at provision of lead where revenue can be reliably estimated and the business has no further outstanding performance obligations, otherwise recognition is at point of confirmation of sale.

Where the Company has post-sale servicing obligations which are not sufficiently covered by future revenue, revenue is allocated to performance obligations on a relative fair value basis. The element relating to post-sale obligations is deferred and recognised in the periods in which these activities take place. None of these obligations exceed 12 months from the date of initial recognition.

Advertising costs

Costs associated with the production of adverts are expensed only once the advert is available to the Company in a format ready for use, having been approved for airing or displaying. The cost of airing or displaying the advert is taken as an expense in the year in which the advert is aired or displayed.

Taxation

Current tax

The current tax expense is the expected tax payable based on the taxable profits for the year, after any adjustments in respect of prior years. The rates enacted or substantively enacted at the reporting date are used to determine the current tax.

Deferred tax

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is regarded as more likely than not that they will be recovered in the foreseeable future. Deferred tax assets and liabilities are not discounted.

The rates enacted or substantively enacted at the reporting date are used to determine the deferred tax.

Intangible assets

Software development

Acquired computer software licences are capitalised on the basis of costs to acquire and bring into use the specific software. These costs are amortised using the straight-line method over their expected useful life of 3-5 years.

Costs that are directly attributable to the production of identifiable software products controlled by the Company, where it is probable that the future economic benefits exceed the costs, are recognised as intangible assets. These include staff costs directly attributable to development of intangible assets. These costs are amortised using the straight-line method over their expected useful life of 3-5 years.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

Intangible assets (continued)

Development expenditure on websites, where future economic benefits are probable, are capitalised as intangible assets to the extent that they relate to application and infrastructure development, graphical design and content development prior to operation. Website costs that are recognised as intangible assets are amortised using the straight-line method over their expected useful life of 3-5 years.

Where the above requirements cannot be met, costs are expensed.

Impairment

Intangible assets are reviewed for impairment losses whenever, but at least annually, events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its expected recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Property, plant and equipment

Property, plant and equipment is included in the balance sheet at cost less accumulated depreciation and impairment.

Depreciation is provided to write off the cost less estimated residual values of all property, plant and equipment evenly over their expected useful economic lives. It is calculated at the following rates:

Computer equipment	10-25% per annum
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Depreciation is not provided for assets under construction, which are stated at cost.

Impairment reviews are carried out by the Company on a regular basis, at least annually. If the carrying value of an asset is greater than the recoverable amount, the carrying value is reduced through a charge to the profit and loss in the year of impairment.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less costs to sell.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequently to initial recognition they are measured at amortised cost using the effective interest method, less any impairment for losses.

Doubtful receivables

Loss allowances for expected credit losses ('ECLs') are recognised on financial assets measured at amortised cost. Loss allowances for trade receivables and other receivables are measured at an amount equal to lifetime ECLs.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequently to initial recognition they are measured at fair value.

Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

Provisions for liabilities (continued)

Provision for insurer clawback of commission

The Company recognises a provision for insurer clawback of commission following the lapse of life insurance policies previously recognised as income. The key assumption in this accounting estimate is the future lapse rate.

Dividends

Dividends on equity instruments are recognised when they become legally payable.

2. Significant judgements and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements.

Accrued income

Revenue is recognised during the period in which a lead is provided and can be reliably estimated, and where the business has no further outstanding performance obligations. Where cash is not received by the balance sheet date, income is accrued in the balance sheet. The key assumption made by management in the determination of the value of this accrual is the expected sales value. The accrual held on the balance sheet at the year end was £67.5m (2019: £58.8m).

Clawback provisions

Provisions are made in the balance sheet for the expected level of cancellations in relation to life insurance policies on which the Company has earned commission. The key assumption made by management in the determination of the value of this provision is the expected future lapse rates. The provision held in the balance sheet at the year end was £7.7m (2019: £5.6m).

Impairment of intangible assets

The Company has recognised intangible assets as a result of investment in software development. The total value of these intangible assets at the balance sheet date is £41.1m (2019: £30.5m). The value of these assets is expected to be recovered through value in use and the recoverability of these assets at each balance sheet date is assessed with reference to the cash flows associated with the relevant cash generating unit ("CGU"). Various assumptions around discount rates, growth rates and future cash flows have been made by management in assessing the recoverability of intangible assets which may differ from actual results and could lead to an impairment.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

3. Revenue from contracts with customers

(i) Disaggregation of revenue

Revenue is wholly attributable to the principal activity of the Company and arises primarily within the United Kingdom. Fees of £1.5m (2019: £1.5m) included in other income arise from a related party in Australia.

	2020 £m	2019 £m
Price comparison	444.7	430.9
Other	1.6	1.9
	446.3	432.8

Other income includes £0.1m (2019: £0.4m) of income relating to UK research and development tax credits which are outside the scope of IFRS 15.

(ii) Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

The following table shows the contract assets balance:

	2020 £m	2019 £m
Value at start of the period	58.8	44.9
Revenue recognised	414.6	399.0
Transferred to receivables	(405.8)	(384.5)
Loss allowance	(0.1)	(0.6)
Value at the end of the period	67.5	58.8

Contract assets consists entirely of accrued income. The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on 30 June 2020. The contract assets are transferred to receivables when the rights become unconditional.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

The following table shows the contract liabilities balance:

	2020 £m	2019 £m
Value at start of period	0.1	0.4
Recognised in revenue	(0.1)	(0.4)
Contract liabilities recognised	0.3	0.1
Value at the end of the period	<u>0.3</u>	<u>0.1</u>

Contract liabilities consist entirely of deferred income. The amount of revenue recognised in 2020 from performance obligations satisfied (or partially satisfied) in previous periods is £nil (2019: £nil).

4. Operating profit

Operating profit is stated after charging the following:

	2020 £m	2019 £m
Costs related to corporate transactions and restructuring	-	2.4
Impairment of trade and other receivables	0.1	0.5
Amortisation of intangible assets	10.6	7.8
Impairment of intangible assets	1.3	-
Depreciation of property, plant and equipment	0.5	0.4
Auditor's fees - fees for the audit of the Company	0.1	0.1
Foreign exchange movements	0.1	0.1

Costs relating to corporate transactions and restructuring of £nil (2019: £2.4m) relate to one-off regulatory fees arising as a direct result of a group restructuring in a previous year.

Auditor fees are recharged from BGL Group Limited and form part of the management charges.

5. Finance income

	2020 £m	2019 £m
Interest receivable from group undertakings	4.7	3.2
Other finance income	0.2	-
	<u>4.9</u>	<u>3.2</u>

Compare The Market Limited
Year ended 30 June 2020
Notes forming part of the financial statements
6. Finance costs

	2020 £m	2019 £m
Other finance costs	0.4	0.3

7. Tax expense

	2020 £m	2019 £m
Current tax		
UK corporation tax charge	32.2	31.5
Adjustments in respect of prior years	-	(0.1)
	<u>32.2</u>	<u>31.4</u>
Deferred tax		
Adjustments in respect of prior years	-	(0.2)
	<u>-</u>	<u>(0.2)</u>
Total tax expense	<u>32.2</u>	<u>31.2</u>

The weighted average rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2019: 19%). The actual tax charge for the current year and the previous year differs from the weighted average rate for the reasons set out in the following reconciliation:

	2020 £m	2019 £m
Profit for the financial year	118.6	135.8
Total tax expense	32.2	31.2
Profit before taxation	<u>150.8</u>	<u>167.0</u>
Tax at the standard corporate tax rate of 19% (2019: 19%)	28.6	31.7
Effects of:		
Expenses not deductible for tax purposes	3.8	-
Adjustments in respect of prior periods	-	(0.3)
UK transfer pricing adjustment	(0.2)	(0.2)
Total tax expense	<u>32.2</u>	<u>31.2</u>

A UK corporation tax rate of 19% (effective 1 April 2020) was enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. The deferred tax asset (disclosed in note 11) at 30 June 2020 has been calculated at 19% (2019: 17%).

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

8. Employees

The Company did not directly employ any staff during the year. The services of individuals were obtained in exchange for payments made to BGL Group Limited, the management services company of the BGL Group.

9. Intangible assets

	Software development	Software development in progress	Total
Cost	£m	£m	£m
At 30 June 2018	17.9	8.3	26.2
Additions	0.3	15.8	16.1
Transfers	11.0	(11.0)	-
At 30 June 2019	29.2	13.1	42.3
Additions	-	22.5	22.5
Transfers	12.7	(12.7)	-
Disposals	(0.8)	-	(0.8)
At 30 June 2020	41.1	22.9	64.0
Accumulated amortisation			
At 30 June 2018	4.0	-	4.0
Charge for the year	7.8	-	7.8
At 30 June 2019	11.8	-	11.8
Charge for the year	10.6	-	10.6
Impairment	1.3	-	1.3
Disposals	(0.8)	-	(0.8)
At 30 June 2020	22.9	-	22.9
Net book value			
At 30 June 2020	18.2	22.9	41.1
At 30 June 2019	17.4	13.1	30.5

There are no commitments to purchase intangible assets at the reporting date (2019: £nil).

Compare The Market Limited
Year ended 30 June 2020
Notes forming part of the financial statements
10. Property, plant and equipment

	Computer equipment
Cost	£m
At 30 June 2018	1.2
Additions	0.7
At 30 June 2019	1.9
Disposals	(0.1)
At 30 June 2020	1.8
Accumulated depreciation	
At 30 June 2018	0.3
Charge for the year	0.4
At 30 June 2019	0.7
Charge for the period	0.5
Disposals	(0.1)
At 30 June 2020	1.1
Net book value	
At 30 June 2020	0.7
At 30 June 2019	1.2

There are no capital commitments for the Company at the reporting date (2019: £nil).

11. Deferred tax

	2020 £m	2019 £m
Property, plant and equipment	0.1	0.1
Deferred tax asset	0.1	0.1
Deferred tax asset/(liability) at the start of year	0.1	(0.1)
Adjustment in respect of prior year	-	0.2
Deferred tax asset at the end of year	0.1	0.1

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

Details of movement in deferred tax:

	Property, plant and equipment £m
At 1 July 2018	(0.1)
Transfer of deferred tax assets	0.2
At 30 June 2019	0.1
Adjustment in respect of prior year	-
At 30 June 2020	0.1

12. Inventories

	2020 £m	2019 £m
Finished goods	4.1	1.9

Finished goods relates to inventory held for customer reward schemes.

During the year, costs of £2.1m (2019: £1.9m) were recognised in operating expenses as goods were dispatched. A provision for impairment of £0.4m (2019: £0.6m) is recorded against inventory.

13. Trade and other receivables

	2020 £m	2019 £m
Current		
Trade receivables	3.8	8.3
Amounts due from group undertakings	202.9	161.1
Accrued income	51.9	50.1
Prepayments	8.7	8.2
	267.3	227.7
Non-current		
Accrued income	15.6	8.7
Prepayments	0.1	0.1
	15.7	8.8

As at 30 June 2020 Compare The Market Limited held a bad debt provision of £0.1m (2019: £0.5m) in relation to an impairment of trade receivables.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

14. Trade and other payables

	2020 £m	2019 £m
Trade payables	3.5	15.2
Accruals and deferred income	28.1	17.2
Other payables	1.2	0.4
Corporation tax payable	0.2	14.5
	33.0	47.3

15. Provisions for liabilities

	£m
At 30 June 2018	4.2
Increase in provision	6.9
Payments	(5.8)
Interest unwinding	0.3
At 30 June 2019	5.6
Increase in provision	29.1
Payments	(7.4)
Interest unwinding	0.4
At 30 June 2020	27.7

The Company makes provision for an estimation of the insurer or partner clawback of commission following the lapse of life insurance policies previously recognised as income. The key assumption in this accounting estimate is the future lapse rate. £3.2m (2019: £2.4m) of the clawback provision is expected to be settled more than 12 months from the reporting date.

The Competition and Markets Authority ('CMA') has previously indicated that it believes that the use by Compare The Market Limited ('The Company') of wide most favoured nation ('MFN') clauses potentially broke competition law. The Company and its expert advisers have carefully reviewed the CMA's provisional findings alongside the evidence that has been made available by the CMA and has made robust written and oral representations to the CMA in its defence.

A provision has been made at 30 June 2020 representing the Directors' current best estimate of liabilities that may arise from this investigation. With reference to the prejudicial disclosure exemption in IAS 37 the Company has determined not to disclose any further information in respect of this provision as the disclosure of such information is, in the Directors' opinion, seriously prejudicial to the Company whilst the investigation is ongoing.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

16. Share capital

	Allotted, called up and fully paid	
	2020 m	2019 m
Ordinary shares of £1 each	<u>35.0</u>	<u>35.0</u>

The Company has one class of ordinary shares all of which carry equal voting and dividend rights.

17. Dividends

	2020 £m	2019 £m
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Interim dividend for 2020 (£1.93 per share)	<u>67.6</u>	<u>23.0</u>

18. Contingent liabilities

The BGL Group has access to substantial committed debt facilities. Under the terms of the £300.0m (2019: £300.0m) revolving credit facility and the £50.0m (2019: £50.0m) senior note BGL (Holdings) Limited together with the BGL Group Limited, BISL Limited, BFSL Limited, ACM ULR Limited and Compare The Market Limited, provided a joint and several guarantee. At 30 June 2020 the maximum exposure to this liability was £79.0m (2019: £66.0m).

The Company has joint and several liability under the group VAT registration and joint liability under the group payment arrangement in relation to corporation tax.

The Group's companies and businesses are involved in a certain number of proceedings and litigation cases during the normal course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. A liability is accrued only if an adverse outcome is probable and the amount of the future loss can be reasonably estimated.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

19. Related party transactions

The Company has taken the exemption available under paragraph 8(k) FRS 101 from the disclosure requirements of IAS 24 in relation to entities which are wholly owned members of the same group.

Transactions between the company and other related parties are disclosed below:

	2020	2019
	£m	£m
Royalty income		
Compare The Market Pty Ltd	<u>1.5</u>	<u>1.5</u>

Key management emoluments and directors' interests

Directors and key management personnel are employed by BGL Group Limited. The proportion of the remuneration which relates to the Company in the current year is shown below.

Key management emoluments (including directors)	2020	2019
	£m	£m
Short-term employee benefits	<u>0.9</u>	<u>0.8</u>

Directors' emoluments	2020	2019
	£m	£m
Short-term employee benefits	<u>0.9</u>	<u>0.6</u>

Highest paid director	2020	2019
	£m	£m
Short-term employee benefits	<u>0.6</u>	<u>0.3</u>

20. Events after the reporting date

The directors are not aware of any events after the reporting date requiring disclosure in these financial statements.

Compare The Market Limited

Year ended 30 June 2020

Notes forming part of the financial statements

21. Ultimate and immediate parent company

The immediate parent company is BGL Group Limited which is incorporated in the United Kingdom.

The Company's ultimate parent undertaking and ultimate controlling party is BHL Holdings Limited.

The largest group in which the results of the Company are consolidated is that headed by BHL (UK) Holdings Limited. The smallest group in which they are consolidated is that headed by BGL (Holdings) Limited.

The consolidated financial statements of BHL (UK) Holdings Limited can be obtained from BHL (UK) Holdings Limited, Bath House, 16 Bath Row, Stamford, PE9 2QU. The consolidated financial statements of BGL (Holdings) Limited can be obtained from BGL (Holdings) Limited, Pegasus House, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS.