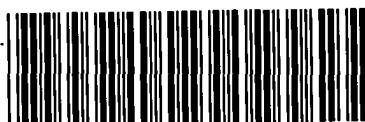


**Company number 10636682**

**Compare The Market Limited  
Annual Report and Financial Statements  
Period Ended 30 June 2018**

TUESDAY



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20/11/2018  
COMPANIES HOUSE

# **Compare The Market Limited**

**Period ended 30 June 2018**

## **Annual report and financial statements**

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### **Directors**

Lord JK Gadhia  
MA Allan  
DJ Osborne  
MO Donaldson  
DJ Platt

### **Secretary and registered office**

JC Brown  
Pegasus House  
Bakewell Road  
Orton Southgate  
Peterborough  
PE2 6YS

### **Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Strategic report**

The directors present the strategic report for the period from 23 February 2017 to 30 June 2018.

The Company, company number 10636682, was incorporated on 23 February 2017. On 15 November 2017, the Company (formerly Comparethemarket (CTM) Limited) changed its name to Compare The Market Limited.

### **Results and dividends**

The Company did not trade in the period from incorporation to 30 November 2017. On 1 December 2017, the trade and assets of comparethemarket.com were transferred from parent company BGL Group Limited and fellow subsidiary BISL Limited to the Company.

The Company's results for the period ended 30 June 2018 are set out on page 9 and show a profit before taxation of £85.6m. The directors are pleased with the strong trading performance for the period and are confident of future prospects.

The Company has paid no dividends during the period.

### **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 business, personnel and infrastructure services are provided by BGL Group Limited to the Company, which raises a management charge in respect of all services provided.

In a competitive trading environment, comparethemarket.com has experienced strong growth in Car, Home and Breadth products during the period and increased customer numbers to 6.5m at 30 June 2018. The Company 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.

There have been no events since the reporting date that materially affect the position of the Company.

### **Key performance indicators**

	<b>Period ended 30 June 2018</b>
	<b>£m</b>
Revenue	229.2
Operating profit	85.4
Profit before taxation	85.6
Customer numbers	6.5m

### **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 BGL Group 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 embedded its risk appetite by selecting relevant key risk indicators from the Group suite and establishing a set of thresholds which are appropriately sensitive for the business. All risks considered to be outside of appetite are accompanied by appropriate action plans which are reviewed, approved and tracked by executive management as well as the CTM Audit & Risk Committee.

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Strategic report**

The BGL Board and the Company's Board review the implementation of processes for identifying, measuring, managing and controlling financial 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 review, from the BGL Group and subsidiary Board committees, through to the Executive Committee and business unit executive meetings.

#### *Financial risk*

The BGL Group's multi-national operations and debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risks, liquidity and interest rates. The BGL Group has in place a risk management framework as described above, using derivative financial instruments 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.

#### *Operational risk*

The Company recognises the need to maintain 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.

Key sources of operational risk include business partner and supplier management, data security, change management, business continuity, and fraud and financial crime.

#### *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.

#### *Conduct and Regulatory risk*

Conduct risk is the risk that the Company's business model, product design or sales practices do not deliver fair customer outcomes and 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.

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.

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Strategic report**

#### *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 general economic environment, which can impact the overall size of the markets in which the Company operates;
- The insurance underwriting cycle;
- Reputation; and
- The Company's business model and the ability to implement change to react quickly and effectively to changes in competitor and consumer behaviour in the market place.

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.

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

#### **Events since the balance sheet date**

There are no post balance sheet events requiring disclosure in these financial statements.

On behalf of the board:



DJ Platt  
Director  
3 September 2018

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Report of the directors**

The directors present their report together with the audited financial statements for the period ended 30 June 2018.

#### **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 in the strategic report. The financial position of the Company is disclosed on the balance sheet on page 11. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing these financial statements.

#### **Directors**

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

Lord JK Ghadia (appointed 1 December 2017)  
MA Allan (appointed 4 January 2018)  
DJ Osborne (appointed 1 August 2018)  
MO Donaldson (appointed 23 February 2017)  
DJ Platt (appointed 23 February 2017)

#### **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 period and is still in place as at the date of this report.

#### **Auditor**

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed reappointed, and KPMG LLP will therefore continue in office.



DJ Platt  
Director  
3 September 2018

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, report of the directors 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 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

## **Compare The Market Limited**

**Period ended 30 June 2018**

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

#### **Opinion**

We have audited the financial statements of Compare The Market Limited ("the Company") for the period ended 30 June 2018 which comprise the profit and loss account, statement of changes in equity, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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**

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### **Strategic report and report of the directors**

The directors are responsible for the strategic report and the report of the directors. 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 report of the directors 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 report of the directors;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **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 6, 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



## **Compare The Market Limited**

**Period ended 30 June 2018**

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

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](http://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.



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

Date: 4 September 2018

**Compare The Market Limited**  
**Period ended 30 June 2018**  
**Profit and loss account**

	<b>Note</b>	<b>2018 £m</b>
<b>Revenue</b>	3	229.2
Operating expenses		<u>(143.8)</u>
<b>Operating profit</b>	4	<b>85.4</b>
Finance income	5	0.4
Finance costs	6	<u>(0.2)</u>
<b>Profit before taxation</b>		<b>85.6</b>
Tax expense	7	<u>(16.1)</u>
<b>Profit for the financial period</b>		<b><u>69.5</u></b>

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 period is also total comprehensive income for the period.

The notes on pages 12 to 22 form part of these financial statements.

**Compare The Market Limited**  
**Period ended 30 June 2018**  
**Statement of changes in equity**

	Share capital	Retained earnings	Total equity
	£m	£m	£m
<b>At 23 February 2017</b>	-	-	-
Issue of ordinary share capital	35.0	-	35.0
Profit for the period	-	69.5	69.5
<b>At 30 June 2018</b>	<b>35.0</b>	<b>69.5</b>	<b>104.5</b>

The notes on pages 12 to 22 form part of these financial statements.

# Compare The Market Limited

Period ended 30 June 2018

Company Number 10636682

## Balance sheet

	Note	2018 £m
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	9	22.2
Property, plant and equipment	10	0.9
		<u>23.1</u>
<b>Current assets</b>		
Inventories	11	1.4
Trade and other receivables	12	128.7
		<u>130.1</u>
<b>Total assets</b>		<u><u>153.2</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	13	44.5
<b>Non-current liabilities</b>		
Provisions for liabilities	14	4.2
<b>Total liabilities</b>		<u>48.7</u>
<b>Equity</b>		
Share capital	15	35.0
Retained earnings		69.5
<b>Total equity</b>		<u>104.5</u>
<b>Total equity and liabilities</b>		<u><u>153.2</u></u>

The financial statements were approved by the directors on 3 September 2018 and signed by:



DJ Platt  
Director

The notes on pages 12 to 22 form part of these financial statements.

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **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").

#### **Basis of preparation**

The financial statements are presented for the period from 23 February 2017 to 30 June 2018. The Company did not trade in the period from incorporation to 30 November 2017. On 1 December 2017, the trade and assets of comparethemarket.com were transferred from parent company BGL Group Limited and fellow subsidiary BISL Limited to the Company.

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;
- 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 disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of a trading portfolio or are derivatives.

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 in £m.

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 is confident that they show the Company will have

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Notes forming part of the financial statements**

sufficient resources to meet its liabilities as they fall due. Accordingly the directors believes that it remains appropriate to prepare the financial statements on a going concern basis.

#### **Changes in accounting standards**

During the current period a number of amendments to existing IFRSs became effective. None of these had a material impact on the amounts included or the disclosures made within these financial statements.

#### **Revenue**

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.

When the sale comprises of an obligation to deliver an incentive such as a free gift, revenue is allocated between the components of the sale and the amount allocated to the gift is deferred and recognised as revenue when the Company has fulfilled its obligation to supply the items under the terms of the agreement.

#### **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 period 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.

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. Web site 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.

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Notes forming part of the financial statements**

#### *Impairment*

Intangible assets are reviewed for impairment losses whenever 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 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	20-25% per annum
--------------------	------------------

Depreciation is not provided for assets under construction, which are stated at cost.

Impairment reviews are carried out on a regular basis. If the carrying value of an asset is greater than the recoverable amount, the carrying value is reduced through a charge to the statement of 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.

#### **Non derivative financial instruments**

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, bank loans and overdrafts, and trade and other payables.

#### *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.

The Company policy is to write off doubtful receivables shortly after identification and then credit any recovered amounts to the profit and loss account when funds are received. Recoverability of receivables and financial assets are assessed on a case by case basis and provisions are recognised where appropriate.

#### *Trade and other payables*

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

#### **Provisions**

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.

#### **Dividends**

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

## **Compare The Market Limited**

**Period ended 30 June 2018**

### **Notes forming part of the financial statements**

#### **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.

##### **Judgements and estimates**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### *Accrued income*

Where 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, 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 period end was £44.9m.

##### *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 period end was £4.2m.

##### *Impairment of intangible assets*

The Company has recognised software development assets and software development in progress assets. The total value of these assets at the period end date is £22.2m. The value of these assets is expected to be recovered through value in use and the recoverability of these assets at each reporting date is assessed with reference to the cash flows associated with the relevant cash generating unit. 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 of intangible assets.

#### **3. Revenue**

Revenue is wholly attributable to the principal activity of the Company and arises primarily within the United Kingdom. Fees of £1.0m arise from a related party in Australia.

	<b>2018</b>
	<b>£m</b>
Fees and commissions	<u><u>229.2</u></u>



**Compare The Market Limited**  
**Period ended 30 June 2018**  
**Notes forming part of the financial statements**

**4. Operating profit**

Operating profit is stated after charging the following:

	2018 £m
Auditor's fees for the audit of the Company's financial statements	0.1
Amortisation of intangible assets	4.0
Depreciation of property, plant and equipment	0.3
Foreign exchange movements	0.1

**5. Finance income**

	2018 £m
Interest receivable from group undertakings	<u>0.4</u>

**6. Finance costs**

	2018 £m
Other finance costs	<u>0.2</u>

**7. Tax expense**

	2018 £m
<b>Current tax</b>	
UK corporation tax charge	<u>16.0</u>
<b>Total current tax</b>	<u>16.0</u>
<b>Deferred tax</b>	
Origination and reversal of timing differences	<u>0.1</u>
<b>Total deferred tax</b>	<u>0.1</u>
<b>Total tax expense</b>	<u>16.1</u>

The standard rate of tax for the period ended 30 June 2018 was 19.00%. The reconciling items between the actual tax charge and the tax charge at the standard rate are shown in the table below:

**Compare The Market Limited**  
**Period ended 30 June 2018**  
**Notes forming part of the financial statements**

	<b>2018 £m</b>
Profit for the financial year	69.5
Total tax expense	<u>16.1</u>
<b>Profit before taxation</b>	<b><u>85.6</u></b>
 Tax at the weighted average corporate tax rate of 19.00% (2017: 19.75%)	 16.3
Effects of:	
UK transfer pricing adjustment	<u>(0.2)</u>
<b>Total tax expense</b>	<b><u>16.1</u></b>

The UK corporation tax rate throughout the year was 19%. In his Budget on 16 March 2016 the Chancellor of the Exchequer announced an additional planned reduction to 17% by 1 April 2020. This was substantively enacted on 6 September 2016 and will reduce the Group's future current tax charge accordingly.

**8. Deferred tax**

<b>Deferred tax</b>	<b>2018 £m</b>
<b>Deferred tax liability at 23 February 2017</b>	-
Transfer of deferred tax liabilities	(0.2)
Deferred tax credit in the income statement	0.1
 <b>Deferred tax liability at the end of the year</b>	 <b><u>(0.1)</u></b>

**Compare The Market Limited**  
**Period ended 30 June 2018**  
**Notes forming part of the financial statements**

**9. Intangible assets**

	Software development	Software development in progress	Total
	£m	£m	£m
<b>Cost</b>			
<b>At 23 February 2017</b>	-	-	-
Additions	11.9	14.3	26.2
Transfers	6.0	(6.0)	-
<b>At 30 June 2018</b>	<b>17.9</b>	<b>8.3</b>	<b>26.2</b>
<b>Accumulated amortisation</b>			
<b>At 23 February 2017</b>	-	-	-
Charge for the period	(4.0)	-	(4.0)
<b>At 30 June 2018</b>	<b>(4.0)</b>	<b>-</b>	<b>(4.0)</b>
<b>Net book value</b>			
<b>At 30 June 2018</b>	<b>13.9</b>	<b>8.3</b>	<b>22.2</b>

On 1 December the Company purchased software development assets of £11.9m and software development in progress assets of £5.8m from a fellow group company.

There are no commitments to purchase intangible assets at the reporting date.

## **Compare The Market Limited**

**Period ended 30 June 2018**

**Notes forming part of the financial statements**

### **10. Property, plant and equipment**

	<b>Computer equipment</b>
	<b>£m</b>
<b>Cost</b>	
At 23 February 2017	-
Additions	1.2
<b>At 30 June 2018</b>	<b>1.2</b>
<b>Accumulated depreciation</b>	
At 23 February 2017	-
Charge for the period	0.3
<b>At 30 June 2018</b>	<b>0.3</b>
<b>Net book value</b>	
At 30 June 2018	<b>0.9</b>

On 1 December the Company purchased £1.0m of computer equipment assets from a fellow group company.

There are no capital commitments for the Company at the reporting date.

### **11. Inventories**

	<b>2018 £m</b>
Finished goods	<b>1.4</b>

Finished goods relates to inventory held for customer reward schemes.

During the period, costs of £6.4m were recognised in operating expenses as goods were dispatched. A provision for impairment of £0.6m is recorded against inventory.

**Compare The Market Limited**  
**Period ended 30 June 2018**  
**Notes forming part of the financial statements**

**12. Trade and other receivables**

	<b>2018</b> <b>£m</b>
Trade receivables	8.2
Amounts due from group undertakings	68.0
Accrued income	44.9
Prepayments	6.4
Other receivables	1.2
	<u><b>128.7</b></u>

All amounts fall due for payment within one year.

**13. Trade and other payables**

	<b>2018</b> <b>£m</b>
Trade payables	7.0
Accruals and deferred income	22.5
Corporation tax payable	15.0
	<u><b>44.5</b></u>

**14. Provisions for liabilities**

	<b>2018</b> <b>£m</b>
<b>Value at 23 February 2017</b>	-
Transfer from fellow group company	3.4
Increase in provision	3.5
Payments	(3.0)
Interest unwinding	0.3
<b>Value at 30 June 2018</b>	<u><b>4.2</b></u>

This provision relates to an estimation of the insurer or partner claw back of fees following the lapse of life insurance policies previously recognised as income. The key assumption in this accounting estimate is the future lapse rate. £1.8m of the clawback provision is expected to be settled more than 12 months from the reporting date.

**Compare The Market Limited**  
**Period ended 30 June 2018**  
**Notes forming part of the financial statements**

**15. Share capital**

	<b>Allotted, called up and fully paid</b>
	<b>2018 £m</b>
Ordinary shares of £1 each	<u><b>35.0</b></u>

The Company was incorporated on 23 February 2017 and one ordinary share of £1 issued to parent company BGL Group Limited. On 10 November 2017, a further 34,999,999 ordinary shares of £1 were issued to BGL Group Limited.

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

**16. 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.

**17. Contingent liabilities**

Under the terms of the £300.0m revolving credit facility and the £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 2018 the maximum exposure to this liability was £50.0m.

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.

**18. 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.

	<b>2018 £m</b>
<b>Royalty income</b>	
Compare The Market Pty Ltd	<u><b>1.0</b></u>

## Compare The Market Limited

Period ended 30 June 2018

### Notes forming part of the financial statements

#### 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 period is shown below.

Key management emoluments (including directors)	2018 £m
Short-term employee benefits	0.9
	<u>0.9</u>
 Directors' emoluments	 2018 £m
Short-term employee benefits	0.4
	<u>0.4</u>
 Highest paid director	 2018 £m
Short-term employee benefits	0.2
	<u>0.2</u>

#### 19. 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 is BHL Holdings Limited. BHL Holdings Limited is a subsidiary of the ultimate controlling party, Reef Holdings Limited. Both companies are incorporated in Guernsey. Reef Holdings Limited is wholly owned by The Concrete Trust. The Reef Foundation acts as trustee of The Concrete Trust.

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

The consolidated financial statements of BHL Holdings Limited are not available to the public. 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.