

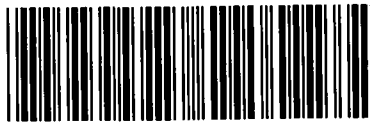
Registered number: 05799376

Gocompare.com Limited

Annual Report and Financial Statements

**For the year ended
31 December 2018**

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COMPANIES HOUSE

Registered number: 05799376

Company information

Directors

M Crummack
L D Griffin
N R Wrighton

Secretary

N J Edwards

Registered Office

Imperial House
Imperial Way
Newport
NP10 8UH

Registered number

05799376

Auditor

KPMG LLP
Chartered Accountants & Statutory Auditor
15 Canada Square
London
E14 5GL

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Gocompare.com Limited**Strategic report
For the year ended 31 December 2018****Review of the business**

The Company's principal activity is the provision of an internet based price comparison website for financial and non-financial products. The Company is authorised and regulated by the Financial Conduct Authority (FCA) for insurance mediation activity.

Turnover for the year was £139.0m compared to £149.2m for the previous period, a reduction of 7% reflecting a focus on margin as the business competes in a challenging market. Car insurance comparison is, by far, the Company's biggest vertical and with an overall reduction in year-on-year average car insurance premiums, this has had a negative impact on the number of consumers switching their car insurance provider compared to 2017. In light of this economic backdrop, the Company adopted an approach of being disciplined in managing customer acquisition costs and also focussing on continual improvements to the customer journey in order to drive a higher conversion rate of customer interactions to transaction. Cost of sales were £3.1m lower in 2018 with savings made through improving efficiency in paid search. Distribution costs were £11.6m lower than 2017 reflecting the testing of different broadcast strategies throughout the year as the business sought to learn through different channel and regional spend. The net effect of this was an improvement in operating profit from £34.9m in 2017 to £39.9m in 2018.

Throughout 2018 we demonstrated our ability to work and adapt quickly to a dynamic environment without losing sight of the day-to-day requirements of our businesses. We firmly believe that choosing to grow quality earnings in a challenging economic cycle remains a good business and financial decision, allowing us to allocate capital to ideas that will transform the customer experience and performance of the business over the medium to long term.

At year end, the Company had net assets of £38.5m (2017: £24.4m), net current assets of £30.8m (2017: £21.8m) and a cash balance of £7.8m (2017: £23.8m). Intangible assets increased from £1.4m to £7.2m as a result of increased spend on internal software development activities. Trade and other receivables increased by £24.5m as the company loaned surplus cash to its parent in order to fund external acquisitions and repayment of borrowings.

Key performance indicators

	2018	2017
Revenue (£m)	139.0	149.2
Operating profit margin (operating profit as a percentage of revenue)	28.7%	23.4%
Profit before income tax	39.9	34.9
Website interactions (quotes started, all products) (millions)	27.1	32.2
Revenue per interaction (£)	5.13	4.64
Marketing margin (calculated as revenue less cost of sales and distribution costs, as a percentage of revenue)	46.6%	40.5%

Principal risks and uncertainties

The table below summarises the key risks and uncertainties to the Company along with how management seeks to mitigate them:

Risk area	Potential Impact	Mitigation
Brand marketing	The risk that the Company's marketing campaigns do not appeal and attract customers, with the failure to obtain sufficient volumes at the appropriate cost and so reducing income and operating profit.	Continued investment in and monitoring of the Company's brand and broadcast advertising, along with consideration of competitor activity and campaigns.

Gocompare.com Limited**Strategic report
For the year ended 31 December 2018****Principal risks and uncertainties (continued)**

Search engine reliance	A significant proportion of revenues are driven by volumes from search engines. Unexpected changes to paid or natural search engine algorithms could increase costs and reduce operating profit.	Investment in both paid and natural search engine activities alongside continued development of other marketing capabilities.
Competitive environment	The Company operates in a competitive market with considerable marketing spends. Market share and/or margins could be eroded if competitor activity changes the current landscape.	Focus on innovation and the continued evolution of product and marketing strategies in order to remain an attractive proposition for customers.
Business continuity and processes	The risk that current systems, including the Company's website, fail to be available and/or provide the required level of performance to support the delivery of revenue in the short term and/or longer term strategic goals.	The Company has disaster recovery capability in the event of an infrastructure failure as well as rigorous testing procedures to ensure that all website development is tested before release.

Gocompare.com Group plc has considered the potential impact of Brexit on the group's operations and has concluded that Brexit is not expected to have a significant impact. In a time of economic uncertainty and rising costs, consumers are more likely to consider switching, seek alternative suppliers and use price comparison websites in order to achieve better deals. The Directors will continue to monitor the potential impact of Brexit on the Company including any changes to regulation of the financial services sector and the impact on specialist tech resource from overseas.

Future outlook

The Directors expect another year of disciplined performance for the core price comparison business with modest revenue growth and stable marketing margin.

At the end of 2018, the Company launched a new brand, weflip, through which the Company will seek to address the inability or unwillingness of consumers to shop around and switch to better deals by providing a strong, compelling, more automated proposition. The Company will invest in weflip in 2019 to unlock the potential for growth in the medium term, with a spend in the region of £10m in marketing funded by operational cash flow from the core business. The ambition is to scale weflip to transform the Company to achieve greater profit margins as weflip will benefit from higher customer retention, recurring revenue and multi-year customer lifetime value.

By order of the Board


Nick Wrighton
Director
30th April 2019

Gocompare.com Limited

**Directors' report
For the year ended 31 December 2018**

The Directors present their Annual Report and Financial Statements for the year ended 31 December 2018.

Dividends

An interim dividend of £20.0m, equivalent to £21.27 per share, (2017: £17.6m, equivalent to £18.72 per share) has been paid during the year. No final dividend is proposed as at 31 December 2018 (2017: £nil).

Directors

The Directors who served during the year were:

M Crummack
L D Griffin
N R Wrighton

Political Contributions

The Company made no political donations or incurred any political expenditure during the year.

Financial instruments

The Company's activities expose it to a variety of financial risks, principally credit risk and liquidity risk. The Company's financial risk management strategy is focused on maintaining effective working capital management. Financial risk management is the responsibility of the Finance department under policies approved by the Board of Directors. The Board receives timely information regarding exposures and responses to financial risk management.

Credit risk

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due in accordance with the term of the contract causing financial loss to the Company. The Company's primary exposure to credit risk is on amounts due from its customers (Insurance and other products Partners).

The creditworthiness of potential Partners is reviewed as part of a detailed due diligence check prior to acceptance. The integrity and credit worthiness of Partners is reviewed regularly as part of the Partner audit process. All trade receivables past due are analysed on a monthly basis and there is proactive engagement with any partner who has a balance outstanding that is outside the agreed terms. The Company has a small allowance for doubtful accounts and has not had any material bad debts during the current or prior period.

Liquidity risk

Liquidity risk is the risk that the Company, although solvent, may not have sufficient financial resources available to enable it to meet its debt interest and repayment obligations as they fall due.

The Company is cash generative and could be supported by additional funding from its immediate and ultimate parent companies as necessary. Liquidity risk is managed through a regular performance monitoring process which includes cash flow forecasting.

Gocompare.com Limited

**Directors' report
For the year ended 31 December 2018**

Statement of Directors' responsibilities in respect of the Annual report and the financial statements

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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.

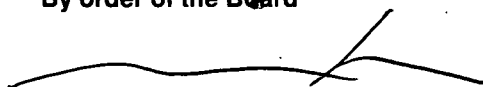
Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent Auditor

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

By order of the Board



Nick Wrighton
Director
30th April 2019

Independent Auditor's Report to the members of Gocompare.com Limited

Opinion

We have audited the financial statements of Gocompare.com Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the Summary of significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year 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

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

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

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

Strategic report and Directors' report

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

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

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

Independent Auditor's Report to the members of Gocompare.com Limited

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 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy Butchart (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
30th April 2019

Gocompare.com Limited**Statement of Comprehensive Income
For the year ended 31 December 2018**

	Note	2018 £m	2017 £m
Revenue	4	139.0	149.2
Cost of sales		<u>(39.5)</u>	<u>(42.5)</u>
Gross profit		99.5	106.7
Distribution costs		(34.7)	(46.3)
Administrative expenses		<u>(24.9)</u>	<u>(25.5)</u>
Operating profit	5	39.9	34.9
Finance (costs) / income		(0.0)	0.0
Profit before income tax		<u>39.9</u>	<u>34.9</u>
Income tax expense	8	(7.0)	(6.3)
Profit for the year		<u>32.9</u>	<u>28.6</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>32.9</u>	<u>28.6</u>

All amounts relate to continuing operations.
The notes on pages 10 to 24 form part of these financial statements

Gocompare.com Limited

Statement of Financial Position
As at 31 December 2018

	Note	2018 £m	2017 £m
Fixed assets			
Intangible assets	9	7.2	1.4
Property, plant and equipment	10	1.4	1.5
Investments in subsidiaries	11	0.0	0.0
Deferred tax assets	18	0.7	0.8
		<u>9.3</u>	<u>3.7</u>
Current assets			
Trade and other receivables	12	44.6	18.8
Cash and cash equivalents		7.8	23.8
		<u>52.4</u>	<u>42.6</u>
Creditors: amounts falling due within one year	13	<u>(21.6)</u>	<u>(20.8)</u>
Net current assets		<u>30.8</u>	<u>21.8</u>
Total assets less current liabilities		40.1	25.5
Provisions for liabilities and charges			
Deferred tax liabilities	17	(1.3)	(1.1)
		(0.3)	-
Net assets		<u>38.5</u>	<u>24.4</u>
Capital and reserves			
Ordinary shares	19	0.9	0.9
Retained earnings		37.6	23.5
Total shareholders' funds		<u>38.5</u>	<u>24.4</u>

The notes on pages 10 to 24 form part of these financial statements.

The financial statements were approved by the Board on 30th April 2019 and signed on its behalf.



Nick Wrighton
Director
30th April 2019

Gocompare.com Limited

Statement of Changes in Equity
For the year ended 31 December 2018

	Share capital £m	Retained earnings £m	Total equity £m
Year ended 31 December 2017			
At 1 January 2017	0.9	9.5	10.4
Profit for the year	-	28.6	28.6
Other comprehensive income for the year	-	-	-
Deferred tax recognised in equity	-	0.2	0.2
Total comprehensive income for the year	<u>-</u>	<u>28.8</u>	<u>28.8</u>
Transactions with owners:			
Dividends	-	(17.6)	(17.6)
Capital contribution	-	2.8	2.8
Total transactions with owners	<u>-</u>	<u>(14.8)</u>	<u>(14.8)</u>
At 31 December 2017	<u>0.9</u>	<u>23.5</u>	<u>24.4</u>
Year ended 31 December 2018			
At 1 January 2018	0.9	23.5	24.4
Profit for the year	-	32.9	32.9
Other comprehensive income for the year	-	-	-
Deferred tax recognised in equity	-	(0.4)	(0.4)
Total comprehensive income for the year	<u>-</u>	<u>32.5</u>	<u>32.5</u>
Transactions with owners:			
Dividends	-	(20.0)	(20.0)
Capital contribution	-	1.6	1.6
Total transactions with owners	<u>-</u>	<u>(18.4)</u>	<u>(18.4)</u>
At 31 December 2018	<u>0.9</u>	<u>37.6</u>	<u>38.5</u>

Gocompare.com Limited

**Notes to the financial statements
For the year ended 31 December 2018**

1. General information

Gocompare.com Limited is a private company limited by shares incorporated in England and Wales. Its registered office is Imperial House, Imperial Way, Newport, NP10 8UH.

The nature of the Company's business is an internet based price comparison website for financial and non-financial products.

All of the Company's subsidiaries are located in the United Kingdom.

2. Summary of significant accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, except for certain financial assets that are measured at fair value, and in accordance with the Companies Act 2006.

Under the provisions of Section 400 of the Companies Act, consolidated financial statements have not been prepared. Consolidated financial statements incorporating the results of the Company and its subsidiary undertakings are prepared by the Company's ultimate parent undertaking, Gocompare.com Group plc, for which consolidated financial statements can be obtained from its website, www.gocomparegroup.com.

These financial statements have been prepared in accordance with the FRS 101 Reduced Disclosure Framework ('FRS 101'). 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 the Act and the Regulations and has set out below where advantage of the FRS 101 disclosure exemptions have 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 intangible assets and tangible fixed assets;
- Disclosures in respect of capital management;
- Specified disclosure exemptions for related party transactions entered into between two or more members of a group in respect of the disclosures that would otherwise be needed under IAS 24 Related Party Disclosures;
- Disclosure of the compensation of Key Management Personnel;
- The effects of new but not yet effective IFRSs; and
- Certain disclosures required by IFRS13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

As the consolidated financial statements of Gocompare.com Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments.

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Gocompare.com Limited

**Notes to the financial statements
For the year ended 31 December 2018**

2. Summary of significant accounting policies (continued)

Basis of preparation (continued)

The financial statements have been presented in Sterling and rounded to the nearest hundred thousand. Throughout these financial statements any amounts which are less than £0.05m are shown by 0.0, whereas a dash (-) represents that no balance exists.

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

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board has reviewed the Company's projections for the next twelve months and beyond, including cash flow forecasts. Consequently, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future.

Revenue

Revenue represents amounts receivable for insurance and other product introductions, including click through fees. The Company recognises this revenue when a policy is sold or in limited cases when a customer clicks through to the partner website, and is measured at the fair value of the consideration received or receivable, net of reported cancellations during the 14 day cooling off period. Where revenue is accrued, this is estimated based on underlying metrics of customer interactions and is subsequently validated through sales data submissions made by the Partners.

Cost of sales, distribution and administrative expenses

Cost of sales comprise all costs which are directly attributable to marketing of a specific product.

Distribution costs comprise all other marketing costs incurred which cannot be attributed to a specific product. Costs associated with the production of adverts are recognised in the Statement of Comprehensive Income once the advert is available to the Company in a format ready for use, having been approved for airing or display. Costs associated with the broadcasting of adverts are expensed over the period in which the advert is aired or displayed.

Administrative expenses comprise all other staff, systems and remaining costs incurred.

Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable income for the year. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date. Current tax assets and liabilities also include adjustments in respect of tax expected to be payable or recoverable in respect of previous periods.

Current tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income as appropriate.

Gocompare.com Limited

**Notes to the financial statements
For the year ended 31 December 2018**

2. Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes, and the amounts used for taxation purposes. It is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recovered, using tax rates enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax relating to items recognised outside the income statement is recognised either in other comprehensive income or directly in equity as appropriate.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Intangible assets

Purchased software and licenses are initially recorded at historical cost and subsequently amortised over their useful life which is typically up to 3 years. Amortisation is calculated on a straight line basis and these assets are carried at cost less accumulated amortisation and any impairment charges. The carrying value is reviewed at every reporting date for evidence of impairment and the value being written down if any impairment exists.

Costs associated with maintaining computer software programmes and incremental development of the existing website are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable, unique software products or transformation of website capabilities are recognised as intangible assets when the criteria required by IAS38 are met. This means that it is technically feasible to complete the product or capability, that there are demonstrable economic benefits to the Company and that the Company has sufficient resources in order to complete the development.

The cost of internally generated software and web site costs comprise directly attributable costs which are related to that product or capability. From the point the intangible asset comes into use, it is then amortised over its expected useful life on a straight line basis, which is typically up to three years. The intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Other development costs which do not meet the capitalisation criteria in IAS38 are recognised as an expense as incurred.

Gocompare.com Limited

**Notes to the financial statements
For the year ended 31 December 2018**

2. Summary of significant accounting policies (continued)

Tangible assets

Property, plant and equipment

Property, plant and equipment comprise fixtures, fittings and equipment (including computer hardware). Replacement or major inspection costs are capitalised when incurred if it is possible that future economic benefits associated with the item will flow to the entity and the costs can be measured reliably.

These assets are stated at cost less depreciation and accumulated impairment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to write off the cost less residual values of the assets over their economic lives. This has been set between three and ten years.

The assets' residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year in which the asset is derecognised.

Impairment and revaluation of property, plant and equipment

Carrying values are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated and compared to the carrying value. The recoverable amount is the higher of the fair value of the asset, less costs to sell and the asset's value in use. Impairment losses are recognised through the income statement. Impairment may be reversed if conditions subsequently improve and credited through the income statement.

Investments in group undertakings

Investments in group undertakings are stated at cost.

Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand.

Financial assets

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Gocompare.com Limited**Notes to the financial statements
For the year ended 31 December 2018****2. Summary of significant accounting policies (continued)****Financial assets (continued)***Classification and subsequent measurement*

The Company has elected to classify its equity investments as measured at FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All other financial assets, which comprise trade and other receivables and cash at bank are classified as measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Impairment of financial assets

The Company assesses at each balance sheet date whether any financial assets held at amortised cost are impaired. Financial assets are impaired where there is evidence that one or more events occurring after the initial recognition of the asset may lead to a reduction in the estimated future cash flows arising from the asset. Impairment losses on financial assets classified as loans and receivables are calculated as the difference between the carrying value and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses and any reversals of impairments are recognised through the Consolidated Statement of Comprehensive Income. Objective evidence of impairment may include default on cash flows from the asset and reporting financial difficulty of the issuer or counterparty.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from that asset have expired or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

Financial liabilities*Classification, Initial recognition and Subsequent measurement*

The Company's financial liabilities comprise borrowings and trade and other payables and are classified as measured at amortised cost. Financial liabilities are measured initially at fair value less directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Gocompare.com Limited

**Notes to the financial statements
For the year ended 31 December 2018**

2. Summary of significant accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification, is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Consolidated Statement of Comprehensive Income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, the Company has a currently enforceable legal right to offset the recognised amounts and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Statement of Comprehensive Income unless required or permitted by any accounting standard or interpretation.

Share based payments

Employees of the Company are eligible to participate in a number of equity-settled, share based compensation plans. Under these schemes, the Company receives services from employees as consideration for equity instruments (options) of the Company's ultimate parent, Gocompare.com Group plc (the grantor of the Awards).

Equity-settled share-based payments to employees are measured at the grant date at the fair value of the equity instruments excluding the effect of non-market vesting conditions. Fair value is not subsequently remeasured.

The fair value of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, based on the best estimate of the number of awards which will ultimately vest unconditionally with employees. The estimate of the number of awards expected to vest (excluding the effect of market vesting conditions) is revised at each reporting date, with any consequential changes to the charge recognised in profit and loss. Where equity-settled share-based payments are modified, any incremental fair value is expensed on a straight-line basis over the revised vesting period.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in shareholders' funds as a capital contribution from the Company's ultimate parent.

Gocompare.com Limited**Notes to the financial statements
For the year ended 31 December 2018****2. Summary of significant accounting policies (continued)****Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the expenditure required to settle a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Share Capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other assets to holders of the financial instruments.

Leases*Company as a lessee - operating leases*

Leases which do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

3. Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates; however the financial statements presented are based on conditions that existed at the balance sheet date.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and critical judgements in applying the Company's accounting policies

The key assumptions concerning the future, and other key sources of estimation uncertainty at each balance sheet date, are discussed below:

Gocompare.com Limited**Notes to the financial statements
For the year ended 31 December 2018****3. Critical accounting judgements and estimates (continued)****Key sources of estimation uncertainty and critical judgements in applying the Company's accounting policies (continued)***Revenue*

The majority of the Company's revenue is derived from customers completing transactions with product providers and revenue is recognised at this point. The Company accrues revenue based on available data of transactions made through its Partners. Any amounts estimated are based on underlying metrics of customer interactions which is subsequently validated through sales data submissions made by the Partners. In addition, customers have the right to cancel their purchase of products during a 14 day cooling off period. An estimate of the deduction to revenue is therefore made for likely cancellations which is based on historical run rates for the various products.

Whilst revenue is a significant balance for the Company and involves a level of estimation, the Directors have assessed that any reasonable change to this estimate would not lead to a material change in the amounts recognised.

4. Revenue

The whole of the revenue for 2018 and 2017 is attributed to trade activities within the United Kingdom.

5. Operating profit

Operating profit is stated after charging:

	2018	2017
	£m	£m
Depreciation of tangible fixed assets	0.5	0.5
Amortisation of intangible assets	1.8	0.6
Loss on disposal of tangible assets	-	0.1
Operating lease charges	0.4	0.4
Auditor's remuneration	0.0	0.0
	<u>0.0</u>	<u>0.0</u>

6. Employee benefit expense

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

	2018	2017
	£m	£m
Wages and salaries	16.4	12.9
Social security costs	1.6	1.4
Share based payment charge	1.5	2.7
Other pension costs	0.4	0.3
	<u>19.9</u>	<u>17.3</u>

From August 2018 onwards, Gocompare.com Limited became the employer for all employees of Gocompare.com Group plc. The amounts disclosed in the table above represent all employee benefit costs incurred by the company in the year. The company recharged £2.6m of employment related costs to other group companies.

Gocompare.com Limited**Notes to the financial statements
For the year ended 31 December 2018****6. Employee benefit expense (continued)**

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

	2018	2017
	No.	No.
Service provision	217	160
Administration	46	36
Total	263	196

The average monthly number of employees disclosed represents the total number of employees of Gocompare.com Limited during the year. The company recharges a portion of its employee related costs to other group companies.

7. Directors' remuneration

	2018	2017
	£m	£m
Emoluments in respect of qualifying services	1.4	1.4
Pension contributions to money purchase schemes	0.0	0.0
Other benefits	0.1	0.1
Gains on exercise of share options	1.4	-
	2.9	1.5

The highest paid Director received remuneration of £1.6m (2017: £0.7m) and pension contributions of £0.0m (2017: £0.0m). As at year end, none of the directors (2017: none) are accruing post-employment benefits under a money purchase pension scheme in respect of qualifying services.

8. Taxation**Analysis of the tax charge**

The tax charge on the profit before income tax for the year was as follows:

	2018	2017
	£m	£m
Current tax	6.8	6.6
Deferred tax	0.2	(0.3)
Income tax expense	7.0	6.3

Gocompare.com Limited

Notes to the financial statements
For the year ended 31 December 2018**8. Taxation (continued)**

Tax expense for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2018 of 19.0% (2017: 19.25%). The differences are explained below:

	2018 £m	2017 £m
Profit before taxation	<u>39.9</u>	<u>34.9</u>
Taxation calculated at 19.0% (2017: 19.25%)	7.6	6.7
Effects of:		
Expenses not deductible	0.0	0.0
Group relief	(0.8)	(0.6)
Tax rate changes	0.0	0.1
Origination and reversal of timing differences	0.2	-
Adjustments in respect of prior years	<u>(0.0)</u>	<u>0.1</u>
Income tax expense	<u>7.0</u>	<u>6.3</u>

The Budget on 8 July 2015 announced changes in the main UK corporation tax rate. The rate (currently 20%) will reduce to 19% from 1 April 2017 and to 18% from 1 April 2020. The reduction in tax rates was included in the 2015-2016 Finance Act which was substantively enacted on 26 October 2015. The Budget on 16 March 2016 announced further changes in the main UK corporation tax rate. The effective rate of 18% from 1 April 2020 was to be further reduced to 17%. This further reduction in tax rates was included in the 2016 Finance Act which was substantively enacted on 6 September 2016.

9. Intangible assets

	Software and website costs £m
Cost	
At 1 January 2018	2.2
Additions	7.7
Disposals	<u>(0.3)</u>
At 31 December 2018	<u>9.6</u>
Accumulated amortisation	
At 1 January 2018	0.8
Charge for the year	1.8
Disposals	<u>(0.3)</u>
At 31 December 2018	<u>2.3</u>
Net book value	
At 31 December 2018	<u>7.3</u>
At 31 December 2017	<u>1.4</u>

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

Gocompare.com Limited

Notes to the financial statements
For the year ended 31 December 2018

10. Property, plant and equipment

Fixtures, fittings
and equipment
£m**Cost**

At 1 January 2018	2.8
Additions	0.4
Disposals	(0.3)
At 31 December 2018	<u>2.9</u>

Accumulated depreciation

At 1 January 2018	1.3
Charge for the year	0.5
Eliminated on disposal	(0.3)
At 31 December 2018	<u>1.5</u>

Net book value

At 31 December 2018	<u>1.4</u>
At 31 December 2017	<u>1.5</u>

11. Investments in subsidiaries

Shares in group
undertakings*Cost*

At beginning and end of year	<u>0.0</u>
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Provisions

At beginning and end of year	<u>0.0</u>
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Net Book Value

At 31 December 2018	<u>0.0</u>
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At 31 December 2017	<u>0.0</u>
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Fixed asset investments relate to unlisted equity investments recorded at cost.

The company directly owns shares in the following undertakings:

	Country of Incorporation	Class of shares held	Principal activity	Percentage of shares held
Gio Compario Limited	United Kingdom	Ordinary	Dormant	100%
Go Compare Limited	United Kingdom	Ordinary	Dormant	100%

Gocompare.com Limited

Notes to the financial statements
For the year ended 31 December 2018**12. Trade and other receivables**

	2018	2017
	£m	£m
Trade receivables	10.9	12.5
Less: provision for impairment of trade receivables	(0.1)	(0.1)
Trade receivables - net	10.8	12.4
Prepayments	5.8	3.6
Accrued income	3.0	2.3
Amounts due from other group companies	25.0	0.5
	44.6	18.8

13. Creditors: Amounts falling due within one year

	2018	2017
	£m	£m
Trade payables	7.2	5.4
Corporation tax	3.2	3.3
Social security and other taxes	2.8	3.6
Accrued expenses	8.4	8.5
Other creditors	-	-
	21.6	20.8

14. Financial instruments

The following table sets out the financial assets and financial liabilities of the Company at year end. The carrying amounts of the Company's financial instruments are considered to be a reasonable approximation of their fair value and therefore no separate disclosure of fair values is given.

	2018	2017
	£m	£m
Financial assets:		
Trade and other receivables	38.8	15.2
Cash and cash equivalents	7.8	23.8
	46.6	39.0
Financial liabilities:		
Trade and other payables	15.6	13.8
	15.6	13.8

Gocompare.com Limited**Notes to the financial statements
For the year ended 31 December 2018****15. Operating lease commitments**

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018	2017
	£m	£m
Land and buildings		
Within 1 year or on demand	0.4	0.4
More than 1 year but less than 5 years	1.5	1.8
More than 5 years	-	0.1
	<u>1.9</u>	<u>2.3</u>

The operating lease relates to a building the Group occupies. The Company signed a 15 year lease with a break clause at 10 years on 24 April 2013.

16. Share based payments

Certain employees of the Company have been granted options over shares in Gocompare.com Group plc. In December 2016, the Group awarded a number of free shares to all eligible employees which will vest upon a 3 year service condition. At the same time, the Group made a number of Foundation Awards to Directors and Senior Management which are dependent on the achievement of certain performance measures over the 2017 and 2018 financial years. In 2017 and 2018, the Group awarded options under the Performance Share Plan to Directors and Senior Management which are dependent on the achievement of certain performance measures over the 2017-2019 and 2018-2020 financial years respectively. Employees are also eligible to participate in other share incentive plans through the 'Save As You Earn' and 'Partnership Shares' plans.

The Company recognises a share-based payment expense based on the fair value of the awards granted and an equivalent credit entry directly in equity as a capital contribution.

On exercise of the shares by the employees, the Company is charged the intrinsic value of the shares by Gocompare.com Group plc. The amount is treated as a reduction of the capital contribution and is recognised directly in equity.

At 31 December 2018, 20,466,249 share award options were outstanding (2017: 18,565,329). On 27 February 2019 the Group awarded 3,152,571 shares in respect of the Foundation Award scheme. Other than the Foundation Awards, no awards were exercisable (2017: none).

17. Provisions for liabilities

	Provisions
	£m
At 1 January 2018	1.1
Charged / (credited) to profit and loss in the year	0.4
Released or utilised during the year	<u>(0.1)</u>
At 31 December 2018	<u>1.4</u>

Gocompare.com Limited

Notes to the financial statements
For the year ended 31 December 2018

17. Provisions for liabilities (continued)

Included within Other provisions are amounts for:

"Not taken up" provision - an estimate is made for policies which may be cancelled within the 14 day cooling off period;

Life clawback provision - an estimate of amounts of commission which may need to be paid back for life insurance policies that may be cancelled;

Dilapidation provision - an estimate of rectification work associated with the building which is leased by the Group; and

Media provision - variable payment associated with the Group's advertising costs.

The 'Not taken up' and media provisions are expected to be settled fully within 12 months. The dilapidation provision is expected to be utilised or released at the point the Group vacates its current premises – the lease for which runs to 2028 with a break clause in 2023. A portion of the life clawback provision is expected to be utilised in the next 12 months, with the remainder in the subsequent 3 years.

18. Deferred tax

	Deferred tax assets £m	Deferred tax liabilities £m
At 1 January 2018	0.8	-
Released / utilised in the year	-	-
Credited / (charged) to profit and loss in the year	0.5	(0.3)
Credited / (charged) to equity in the year	<u>(0.6)</u>	<u>-</u>
At 31 December 2018	<u>0.7</u>	<u>(0.3)</u>

	2018 £m	2017 £m
Analysis of deferred tax assets and liabilities:		
Accelerated capital allowances	(0.3)	0.1
Share based payments	0.6	0.7
Other timing differences	0.1	0.0
Total deferred tax	<u>0.4</u>	<u>0.8</u>

19. Share Capital

	2018 £m	2017 £m
Authorised, allocated, called up and fully paid		
940,200 (2017: 940,200) Ordinary shares of £1 each	<u>0.9</u>	<u>0.9</u>

Gocompare.com Limited

**Notes to the financial statements
For the year ended 31 December 2018**

20. Guarantees

The Company acts as guarantor to certain banks in respect of credit facilities granted to its parent, Gocompare.com Finance Limited. The facilities include a term loan for an original amount of £75.0m of which £20.0m has been repaid and a revolving credit facility of £40.0m, of which £15.0m remains undrawn at 31 December 2018.

21. Controlling parties

The immediate parent undertaking of the Company at 31 December 2018 is Gocompare.com Finance Limited. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Gocompare.com Group plc. Copies of the consolidated financial statements for Gocompare.com Group plc can be obtained from its website, www.gocogroup.com.

The address of the registered office of Gocompare.com Group plc and Gocompare.com Finance Limited are the same as that for the Company as disclosed on the Company Information page.