

Registered number: 05799376

## **Gocompare.com Limited**

### **Annual Report and Financial Statements**

**For the year ended  
31 December 2017**

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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 2017****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 £149.2m compared to £142.1m for the previous period, an increase of 5%. Operating profit margin of 23% has increased from 21% in 2016.

At year end, the Company had net assets of £24.4m (2016: £10.4m), net current assets of £21.8m (2016: £9.3m) and a cash balance of £23.8m (2016: £11.3m).

2017 saw an internal transformation in how we design and build software to power our customer experience. This was not a capital-intensive process, but a fundamental change to how we organised ourselves around fast-paced delivery of better-converting, customer-focused ideas. These improvements have allowed us to make more frequent changes to our site and customer experience. Implementation is now measured in days rather than quarters. We have consolidated these strengths by investing carefully in engineering talent. We have almost doubled the number of full-time employed software engineers in our Newport team over the course of 2017, drawing on pools that range from school leavers through to highly experienced engineers from across the UK.

Our important role is to save people everywhere time and money. We do this by harnessing the best innovation that the internet and technological developments have to offer, coupled with our unwavering focus on 'best for' consumer outcomes and usability. Ultimately this will reduce complexity and enable people to make better decisions. Our 'savings as a service' model is built on simplifying and automating choice in a way that removes hassle and gives people a reason to bother.

**Principal risks and uncertainties**

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

| <b>Risk area</b>       | <b>Potential Impact</b>   | <b>Mitigation</b>   |
|------------------------|---|---|
| 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. |
| 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.                           |

**Gocompare.com Limited****Strategic report  
For the year ended 31 December 2017****Principal risks and uncertainties (continued)**

|                                   |  |  |
|-----------------------------------|--|--|
| 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. |

**Key performance indicators**

|  | 2017         | 2016  |
|--|--------------|-------|
| Revenue (£m)   | <b>149.2</b> | 142.1 |
| Operating profit margin  | <b>23.4%</b> | 21.3% |
| Website interactions (quotes started, all products) (millions) | <b>32.2</b>  | 32.0  |
| Marketing margin   | <b>40.5%</b> | 38.3% |

**Future outlook**

We continue to take a disciplined approach to improving marketing margin and driving revenue growth. Our focus on speed, discipline of execution and investment into people, puts us in a strong position to invest cash into internal and external innovation that can solve some of these opportunities. Expectations are constantly changing, and people rightly expect more from the companies they use but with less effort required on their part. This is exactly what we're pursuing through our 'savings as a service' model. Our progress in 2017 is encouraging, and we enter 2018 with a clear vision and a sense of direction. This is why we bother.

**By order of the Board**


Nick Wrighton  
Director  
7th March 2018

**Gocompare.com Limited**

**Directors' report  
For the year ended 31 December 2017**

The Directors present their Annual Report and Financial Statements for the year ended 31 December 2017.

**Dividends**

Interim dividends of £17.6m, equivalent to £18.72 per share, (2016: £22.5m, equivalent to £23.93 per share) have been paid during the year. No final dividend is proposed as at 31 December 2017 (2016: £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 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 2017**

**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  
7th March 2018

## **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 2017 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 2017 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**

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.

### **Other information**

The directors are responsible for the other information, which comprises the Strategic report and the Directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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.

### **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.



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

### 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](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.



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

12 March 2018

## Gocompare.com Limited

Statement of Comprehensive Income  
For the year ended 31 December 2017

|  | Note | 2017<br>£m    | 2016<br>£m    |
|--|------|---------------|---------------|
| <b>Revenue</b>                                 | 4    | 149.2         | 142.1         |
| Cost of sales                                  |      | <u>(42.5)</u> | <u>(41.2)</u> |
| <b>Gross profit</b>                            |      | 106.7         | 100.9         |
| Distribution costs                             |      | (46.3)        | (46.5)        |
| Administrative expenses                        |      | <u>(25.5)</u> | <u>(24.2)</u> |
| <b>Operating profit</b>                        | 5    | 34.9          | 30.2          |
| Finance income                                 |      | 0.0           | 0.1           |
| <b>Profit before income tax</b>                |      | <u>34.9</u>   | <u>30.3</u>   |
| <b>Income tax expense</b>                      | 8    | (6.3)         | (5.8)         |
| <b>Profit for the year</b>                     |      | <u>28.6</u>   | <u>24.5</u>   |
| <b>Other comprehensive income</b>              |      | -             | -             |
| <b>Total comprehensive income for the year</b> |      | <u>28.6</u>   | <u>24.5</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 2017

|   | Note | 2017<br>£m    | 2016<br>£m    |
|---|------|---------------|---------------|
| <b>Fixed assets</b>                                   |      |               |               |
| Intangible assets                                     | 9    | 1.4           | 0.5           |
| Property, plant and equipment                         | 10   | 1.5           | 1.3           |
| Investments in subsidiaries                           | 11   | 0.0           | 0.0           |
| Deferred tax asset                                    | 18   | 0.8           | 0.3           |
|   |      | <u>3.7</u>    | <u>2.1</u>    |
| <b>Current assets</b>                                 |      |               |               |
| Trade and other receivables                           | 12   | 18.8          | 17.0          |
| Cash and cash equivalents                             |      | 23.8          | 11.3          |
|   |      | <u>42.6</u>   | <u>28.3</u>   |
| <b>Creditors: amounts falling due within one year</b> | 13   | <u>(20.8)</u> | <u>(19.0)</u> |
| <b>Net current assets</b>                             |      | <u>21.8</u>   | <u>9.3</u>    |
| <b>Total assets less current liabilities</b>          |      | 25.5          | 11.4          |
| <b>Provisions for liabilities and charges</b>         | 17   | <u>(1.1)</u>  | <u>(1.0)</u>  |
| <b>Net assets</b>                                     |      | <u>24.4</u>   | <u>10.4</u>   |
| <b>Capital and reserves</b>                           |      |               |               |
| Ordinary shares                                       | 19   | 0.9           | 0.9           |
| Retained earnings                                     |      | 23.5          | 9.5           |
|   |      | <u>24.4</u>   | <u>10.4</u>   |
| <b>Total shareholders' funds</b>                      |      | <u>24.4</u>   | <u>10.4</u>   |

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

The financial statements were approved by the Board on 7th March 2018 and signed on its behalf.



Nick Wrighton  
Director  
7th March 2018

## Gocompare.com Limited

Statement of Changes in Equity  
For the year ended 31 December 2017

|  | Share<br>capital<br>£m | Retained<br>earnings<br>£m | Total<br>equity<br>£m |
|--|------------------------|----------------------------|-----------------------|
| <b>Year ended 31 December 2016</b>             |                        |                            |                       |
| <b>At 1 January 2016</b>                       | 0.9                    | 7.4                        | 8.3                   |
| Profit for the year                            | -                      | 24.5                       | 24.5                  |
| Other comprehensive income for the year        | -                      | -                          | -                     |
| <b>Total comprehensive income for the year</b> | <u>-</u>               | <u>24.5</u>                | <u>24.5</u>           |
| <b>Transactions with owners:</b>               |                        |                            |                       |
| Dividends                                      | -                      | (22.5)                     | (22.5)                |
| Capital contribution                           | -                      | 0.1                        | 0.1                   |
| <b>Total transactions with owners</b>          | <u>-</u>               | <u>(22.4)</u>              | <u>(22.4)</u>         |
| <b>At 31 December 2016</b>                     | <u>0.9</u>             | <u>9.5</u>                 | <u>10.4</u>           |
| <b>Year ended 31 December 2017</b>             |                        |                            |                       |
| <b>At 1 January 2017</b>                       | 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                   |
| <b>Total comprehensive income for the year</b> | <u>-</u>               | <u>28.8</u>                | <u>28.8</u>           |
| <b>Transactions with owners:</b>               |                        |                            |                       |
| Dividends                                      | -                      | (17.6)                     | (17.6)                |
| Capital contribution                           | -                      | 2.8                        | 2.8                   |
| <b>Total transactions with owners</b>          | <u>-</u>               | <u>(14.8)</u>              | <u>(14.8)</u>         |
| <b>At 31 December 2017</b>                     | <u>0.9</u>             | <u>23.5</u>                | <u>24.4</u>           |

**Gocompare.com Limited**

**Notes to the financial statements  
For the year ended 31 December 2017**

**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](http://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 2017**

**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 2017**

**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 2017**

**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**

*Classification*

Financial assets falling within the scope of IAS 39 are designated as 'loans and receivables'. The Company determines the classification of its financial assets at initial recognition. During the years ended 31 December 2017 and 31 December 2016 the Company did not classify any financial assets 'at fair value through profit or loss', 'available-for-sale' or 'held to maturity'.

The Company's financial assets as at 31 December 2017 and 31 December 2016 include trade and other debtors and cash at bank which were classified as loans and receivables.



**Gocompare.com Limited**

**Notes to the financial statements  
For the year ended 31 December 2017**

**2. Summary of significant accounting policies (continued)**

**Financial assets (continued)**

*Initial recognition of financial assets*

The Company's financial assets are initially recognised at fair value, plus any directly attributable transaction costs. If the Company determines that the fair value of a financial asset on initial recognition differs from its transaction price, but the fair value measurement is not evidenced by a valuation technique that uses only data from observable markets, then the 'day-one gain' is deferred and is subsequently recognised as investment income only to the extent that it arises from a change in factor (including time) that a market participant would consider in setting a price.

*Subsequent measurement*

Loans and receivables are measured at amortised cost less accumulated impairment losses using the effective interest method.

*Impairment of financial assets*

Objective evidence of impairment may include default on cash flows from the asset and reporting financial difficulty of the issuer or counterparty.

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 Statement of Comprehensive Income.

*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*

Financial liabilities falling within the scope of IAS 39 are classified as 'other financial liabilities'. The Company determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities at 31 December 2017 and 31 December 2016 include only trade and other payables.

*Initial recognition*

Other financial liabilities are measured initially at fair value less directly attributable transaction costs.

**Gocompare.com Limited****Notes to the financial statements  
For the year ended 31 December 2017****2. Summary of significant accounting policies (continued)****Financial liabilities (continued)***Subsequent measurement*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

Amortised cost is calculated by taking into account any fees or costs that are an integral part of effective interest rate, transaction costs and all other premiums and discounts. The amortisation is included in finance costs in the Statement of Comprehensive Income.

*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 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 2017****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 2017****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 2017 and 2016 is attributed to trade activities within the United Kingdom.

**5. Operating profit**

Operating profit is stated after charging:

|                                       | 2017<br>£m | 2016<br>£m |
|---------------------------------------|------------|------------|
| Depreciation of tangible fixed assets | 0.5        | 0.4        |
| Amortisation of intangible assets     | 0.6        | 1.2        |
| 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:

|                            | 2017<br>£m  | 2016<br>£m  |
|----------------------------|-------------|-------------|
| Wages and salaries         | 12.9        | 9.7         |
| Social security costs      | 1.4         | 0.9         |
| Share based payment charge | 2.7         | 0.1         |
| Other pension costs        | 0.3         | 0.3         |
|                            | <u>17.3</u> | <u>11.0</u> |

**Gocompare.com Limited****Notes to the financial statements  
For the year ended 31 December 2017****6. Employee benefit expense (continued)**

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

|                   | <b>2017</b> | 2016 |
|-------------------|-------------|------|
|                   | <b>No.</b>  | No.  |
| Service provision | <b>160</b>  | 95   |
| Administration    | <b>36</b>   | 75   |
| Total             | <b>196</b>  | 170  |

**7. Directors' remuneration**

|   | <b>2017</b> | 2016 |
|---|-------------|------|
|   | <b>£m</b>   | £m   |
| Emoluments in respect of qualifying services    | 1.4         | 1.1  |
| Pension contributions to money purchase schemes | 0.1         | 0.1  |
| Other benefits                                  | 0.1         | 0.0  |
| Gains on exercise of share options              | -           | 0.0  |
| Compensation for loss of office                 | -           | 0.3  |

The highest paid Director received remuneration of £0.7m (2016: £0.4m) and pension contributions of £0.0m (2016: £0.0m). As at year end, none of the directors (2016: 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:

|                    | <b>2017</b>  | 2016  |
|--------------------|--------------|-------|
|                    | <b>£m</b>    | £m    |
| Current tax        | <b>6.6</b>   | 6.0   |
| Deferred tax       | <b>(0.3)</b> | (0.2) |
| Income tax expense | <b>6.3</b>   | 5.8   |

**Gocompare.com Limited****Notes to the financial statements  
For the year ended 31 December 2017****8. Taxation (continued)**

Tax expense for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2017 of 19.25% (2016: 20.0%). The differences are explained below:

|   | 2017<br>£m  | 2016<br>£m  |
|---|-------------|-------------|
| Profit before taxation                      | <u>34.9</u> | <u>30.3</u> |
| Taxation calculated at 19.25% (2015: 20.0%) | 6.7         | 6.1         |
| Effects of:                                 |             |             |
| Expenses not deductible                     | 0.0         | 0.0         |
| Group relief                                | (0.6)       | (0.3)       |
| Tax rate changes                            | 0.1         |             |
| Adjustments in respect of prior years       | <u>0.1</u>  | <u>0.0</u>  |
| Income tax expense                          | <u>6.3</u>  | <u>5.8</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**

|                                 | <b>Software and<br/>website costs<br/>£m</b> |
|---------------------------------|--|
| <b>Cost</b>                     |  |
| At 1 January 2017               | 1.8  |
| Additions                       | 1.5  |
| Disposals                       | (1.1)  |
| <b>At 31 December 2017</b>      | <u>2.2</u>                                   |
| <b>Accumulated amortisation</b> |  |
| At 1 January 2017               | 1.3  |
| Charge for the year             | 0.6  |
| Disposals                       | (1.1)  |
| <b>At 31 December 2017</b>      | <u>0.8</u>                                   |
| <b>Net book value</b>           |  |
| <b>At 31 December 2017</b>      | <u>1.4</u>                                   |
| At 31 December 2016             | <u>0.5</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 2017

## 10. Property, plant and equipment

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

|                            |            |
|----------------------------|------------|
| At 1 January 2017          | 2.3        |
| Additions                  | 0.8        |
| Disposals                  | (0.3)      |
| <b>At 31 December 2017</b> | <b>2.8</b> |

**Accumulated depreciation**

|                            |            |
|----------------------------|------------|
| At 1 January 2017          | 1.0        |
| Charge for the year        | 0.5        |
| Eliminated on disposal     | (0.2)      |
| <b>At 31 December 2017</b> | <b>1.3</b> |

**Net book value**

|                            |            |
|----------------------------|------------|
| <b>At 31 December 2017</b> | <b>1.5</b> |
| At 31 December 2016        | 1.3        |

## 11. Investments in subsidiaries

Shares in group  
undertakings*Cost*

|                              |     |
|------------------------------|-----|
| At beginning and end of year | 0.0 |
|------------------------------|-----|

*Provisions*

|                              |     |
|------------------------------|-----|
| At beginning and end of year | 0.0 |
|------------------------------|-----|

## Net Book Value

|                            |            |
|----------------------------|------------|
| <b>At 31 December 2017</b> | <b>0.0</b> |
|----------------------------|------------|

|                     |     |
|---------------------|-----|
| At 31 December 2016 | 0.0 |
|---------------------|-----|

Fixed asset investments relate to unlisted equity investments recorded at cost.

The company directly owns shares in the following undertakings:

|                      | Country of<br>Incorporation | Class of shares<br>held | Principal<br>activity | Percentage of<br>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 2017**

**12. Trade and other receivables**

|   | 2017         | 2016         |
|---|--------------|--------------|
|   | £m           | £m           |
| Trade receivables                                   | 12.5         | 12.7         |
| Less: provision for impairment of trade receivables | <u>(0.1)</u> | <u>(0.1)</u> |
| Trade receivables - net                             | 12.4         | 12.6         |
| Prepayments   | 3.6          | 2.4          |
| Accrued income                                      | 2.3          | 1.3          |
| Amounts due from other group companies              | <u>0.5</u>   | <u>0.7</u>   |
|   | <u>18.8</u>  | <u>17.0</u>  |

**13. Creditors: Amounts falling due within one year**

|                                 | 2017        | 2016        |
|---------------------------------|-------------|-------------|
|                                 | £m          | £m          |
| Trade payables                  | 5.4         | 3.3         |
| Corporation tax                 | 3.3         | 2.9         |
| Social security and other taxes | 3.6         | 3.1         |
| Accrued expenses                | 8.5         | 9.6         |
| Other creditors                 | <u>-</u>    | <u>0.1</u>  |
|                                 | <u>20.8</u> | <u>19.0</u> |

**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.

|                               | 2017        | 2016        |
|-------------------------------|-------------|-------------|
|                               | £m          | £m          |
| <u>Financial assets:</u>      |             |             |
| Trade and other receivables   | 15.2        | 14.6        |
| Cash and cash equivalents     | <u>23.8</u> | <u>11.3</u> |
|                               | 39.0        | 25.9        |
| <u>Financial liabilities:</u> |             |             |
| Trade and other payables      | <u>13.8</u> | <u>16.1</u> |
|                               | 13.8        | 16.1        |



## Gocompare.com Limited

Notes to the financial statements  
For the year ended 31 December 2017**15. Operating lease commitments**

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

|  | 2017<br>£m | 2016<br>£m |
|--|------------|------------|
| <b>Land and buildings</b>              |            |            |
| Within 1 year or on demand             | 0.4        | 0.4        |
| More than 1 year but less than 5 years | 1.8        | 1.8        |
| More than 5 years                      | 0.1        | 0.6        |
|  | <u>2.3</u> | <u>2.8</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, 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 financial years. 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.

Of the 18,565,329 outstanding options (2016: 13,943,172), no options were exercisable. There were no options that were exercised in 2017 (2016: none).

**17. Provisions for liabilities**

|   | Provisions<br>£m |
|---|------------------|
| At 1 January 2017                                   | 1.0              |
| Released / utilised in the year                     | (0.9)            |
| Charged / (credited) to profit and loss in the year | 1.0              |
| <b>At 31 December 2017</b>                          | <u>1.1</u>       |

## Gocompare.com Limited

**Notes to the financial statements**  
**For the year ended 31 December 2017**

**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**

|   | <b>Deferred tax</b><br><b>£m</b> |
|---|----------------------------------|
| At 1 January 2017                                   | 0.3                              |
| Released / utilised in the year                     | (0.3)                            |
| Credited / (charged) to profit and loss in the year | 0.5                              |
| Credited / (charged) to equity in the year          | 0.3                              |
| <b>At 31 December 2017</b>                          | <b><u>0.8</u></b>                |

|  | <b>2017</b><br><b>£m</b> | <b>2016</b><br><b>£m</b> |
|--|--------------------------|--------------------------|
| Deferred tax assets are attributable to: |                          |                          |
| Accelerated capital allowances           | 0.1                      | 0.0                      |
| Share based payments                     | 0.7                      | 0.1                      |
| Other timing differences                 | 0.0                      | 0.2                      |
| <b>Total deferred tax</b>                | <b><u>0.8</u></b>        | <b><u>0.3</u></b>        |

**19. Share Capital**

|  | <b>2017</b>       | <b>2016</b>       |
|--|-------------------|-------------------|
|  | <b>£m</b>         | <b>£m</b>         |
| <b>Authorised, allocated, called up and fully paid</b> |                   |                   |
| 940,200 (2016: 940,200) Ordinary shares of £1 each     | <b><u>0.9</u></b> | <b><u>0.9</u></b> |

**Gocompare.com Limited**

**Notes to the financial statements  
For the year ended 31 December 2017**

**20. Guarantees**

The Company acts as a guarantor to certain banks in respect of credit facilities granted to its parent, Gocompare.com Finance Limited. The facilities were for an original amount of £85m, of which £10m has been repaid, £65m is drawn as at 31 December 2017 and £10m remains undrawn.

**21. Contingent liabilities**

During the year, the Gocompare.com Group plc has been in discussions with HMRC regarding the re-application (following demerger) of its special method to calculate its recovery of VAT used since 2015. In November 2017, HMRC rejected the proposed method although discussions are ongoing in order to agree an approved method. A right to appeal against any final decision also remains available to the Group. Should an appeal be unsuccessful, HMRC may require us to apply the standard method which would result in an additional cost being recognised in the Statement of Comprehensive Income. These events give rise to a contingent liability. Gocompare.com Limited is a subsidiary of Gocompare.com Group plc and a member of its VAT group and therefore may be impacted by any final decision. At 31 December 2017, the maximum impact of this for the Company has been estimated as £1.5m.

**21. Controlling parties**

The immediate parent undertaking of the Company at 31 December 2017 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.gocomparegroup.com](http://www.gocomparegroup.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.