Love Energy Savings.com Limited

Registered number: 06322305

Annual report and financial statements

For the year ended 31 December 2021

COMPANY INFORMATION

Directors	P Foster P Windas C Scott (appointed 28 July 2022)
Registered number	06322305
Registered office	Unit 2 Springfield Court Summerfield Road Bolton BL3 2NT
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St Peter's Square Manchester M2 3DE

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their strategic report and the financial statements for the year ended 31 December 2021.

Principal activities

Love Energy Savings.com ('LES' / 'The Company') is a Direct to Consumer ('D2C') online business utilities marketplace which allows companies to compare and buy multiple essential business products, saving customers time and money. Its lead product offering is Energy (Electricity and Gas), however, Water has achieved notable growth throughout the year, as did Telecommunications (after its initial launch towards the end of 2020), further establishing LES's proposition as a multi-product online retailer.

In addition, LES also continues to operate its Evolve Online Tech (Evolve) brand which utilises the company's market leading technology to power UK energy resellers who service the Small & Medium Sized Enterprises (SME) market. Evolve operates with its own resource to support Resellers and its tech platform therefore creating a secondary market leading brand into a different pool of customers.

Strategic review

2021 continued to present a challenging market across the year with extended lockdowns through to Q2 impacting the recovery of businesses and then the commencement of the energy crisis from Q3, resulting in product availability shortages. Combined with unprecedented price rises, demand surged but overall customer conversion declined. Despite the turbulent market, LES's financial performance remained materially in line year on year with notable enhancements within the core metrics underpinning LES's strategic priorities:

1. Grow own brand – Capitalise on marketing investments in both new additional online stores, and teammates, to drive own brand revenue for scalable future growth.

2. Online self-serve – Continued investment in data driven analytics and online self-serve platforms to streamline customer journeys and inform user experiences to make the utility switching market as simple as possible 24/7.

3. Utilities marketplace – grow existing complimentary product offerings and introduce new products to further embed LES as the UK's most recommended online business utilities marketplace.

4. Grow customers and delight them – Build the customer base by acquiring, adding value, and retaining customers through market leading service to drive advocation of the brand and customer retention.

5. Invest in LES's core assets, Teammates, technology, and culture - Fully flexible policies and remote working technology, facilitating clear communication and engagement across all teammates. Investment in systems and processes to drive further automation, reduce risk and accelerate enhanced profitable growth.

6. Partner collaboration – Identify and embed strategic relationships across supply chain and new business partner panels, driving improved customer proposition and enhanced commercial value.

7. Compliance – protect the business by ensuring LES is at the forefront of Ofgem readiness through robust internal frameworks and stakeholder collaboration.

Into the next financial year (2022) the directors' strategic priorities for LES remain in line with 2021, with key focus being on:

- Driving greater business resilience through growing LES's own brand multi product offering

- Accelerating automation and data driven analytics to deliver further efficiencies and KPI improvement

- Support Teammates during challenging economic times through investment in health, wellbeing, and skill development

Financial Performance Overview

Operating profit decreased, pre exceptional items, to £2,979,787 (2020: £3,399,918) due to increased amortisation as a result of additional development investment (2021: £2,244,168) primarily relating to deferred consideration of two websites acquired in 2020 and website development capitalisation. The business has made a £6,878,548 one off exceptional adjustment to its operating profit in 2021 to provide for the recovery of contracts sold in prior years, impacted predominantly by COVID related underconsumption of energy. As a consequence, the operating result after this exceptional COVID adjustment was a £3,898,761 loss.

At the end of the financial year the Company had net assets of £3,994,594 (2020: £6,916,418) with the reduction reflective of the trading result (post exceptionals) for the year.

Principal risks and uncertainties

The key inherent risks to the Company are outlined below.

1. Changes and volatility in the market: Continued uncertainty around product availability and pricing across the Gas and Electricity markets presents risk to trading. The directors continually review the markets and product availability to ensure that any changes can be addressed quickly and offset by increased trading in alternative utility markets it operates in. Any regulatory changes in the markets are monitored closely by internal compliance teams and through close relationships with its supplier panel, allowing management to act accordingly and minimise potential risk of any adverse changes.

2. Revenue recognition / recoverability: Revenue for each contract is based upon assumptions including estimations of the expected future consumption for utility contracts. Estimations have inherent uncertainty which the Company has sought to minimise through enhancements to its processes and procedures, including;

- Multi-pronged approach to consumption level verification with customers, suppliers and other external 3rd party validation

- Advanced analytics and automated exception reporting for any variances pre contract go live, during the contract term and at the end of the contract

- Regular management review of accrued income recoverability, provisions and appropriateness of the Company's revenue recognition policy based on the latest supplier information, cash receipts/reconciliations and other factors.

3. Cybersecurity: the company faces the ongoing risk of being subject to a cyber-attack which, if successful, could adversely impact the ongoing operation of the business and customer data. Continuous investment is being made in IT infrastructure, Teammate training and processes to reduce the risk and prevent cyber-attacks.

This report was approved by the board and signed on its behalf.

P Foster
Director

Date: 13 December 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £2,921,824 (2020 - profit £1,812,321).

The directors have not proposed a dividend (2020: £Nil).

Research and Development

The company is engaged in research and development activities as part of its trade.

Directors

The directors who served during the year were:

P Foster

S Evans (resigned 31 December 2021)

P Windas

Going concern

These financial statements have been prepared on a going concern basis. The directors, having considered the financial position of the Company for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern.

Accordingly the directors have a reasonable expectation that the Company will continue in operational existence and thus they adopt the going concern basis of accounting in preparing the financial statements.

Future developments

The Group is forecasting significant growth over the coming years by continuing to offer a competitive pricing strategy to new and existing customers. There will be a greater focus to mature the market towards self-service and create a further savings ecosystem with additional products and services whilst operating with a tightly controlled cost based to enhance value for customers and margins.

Disclosure of information to auditor

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

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

Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

P Foster
Director

Date: 13 December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVE ENERGY SAVINGS.COM LIMITED

Opinion

We have audited the financial statements of Love Energy Savings.com Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVE ENERGY SAVINGS.COM LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVE ENERGY SAVINGS.COM LIMITED

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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

Neil Barton (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square

Manchester
M2 3DE

14 December 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	As restated 2020 £
Turnover	4	29,253,817	29,118,498
Cost of sales		(17,468,723)	(18,051,718)
Gross profit		11,785,094	11,066,780
Administrative expenses		(8,890,483)	(7,978,862)
Exceptional administrative expenses	5	(6,878,548)	(1,569,152)
Other operating income	6	85,176	312,000
Operating (loss)/profit	7	(3,898,761)	1,830,766
Interest payable and similar expenses	11	(4,097)	(5,473)
(Loss)/profit before tax		(3,902,858)	1,825,293
Tax on (loss)/profit	12	981,034	(12,972)
(Loss)/profit for the financial year		(2,921,824)	1,812,321

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		As restated 2020 £
Fixed assets					
Intangible assets	13		2,346,430		965,730
Tangible assets	14		86,685		71,851
			2,433,115		1,037,581
Current assets					
Debtors: amounts falling due after more than one year	15	12,259,573		9,957,566	
Debtors: amounts falling due within one year	15	8,479,948		12,822,576	
Cash at bank and in hand	16	3,558,988		3,369,765	
		24,298,509		26,149,907	
Creditors: amounts falling due within one year	17	(16,321,956)		(11,801,369)	
Net current assets			7,976,553		14,348,538
Total assets less current liabilities			10,409,668		15,386,119
Creditors: amounts falling due after more than one year	18		(6,415,074)		(8,463,931)
Provisions for liabilities					
Deferred tax			-		(5,770)
Net assets			3,994,594		6,916,418
Capital and reserves					
Called up share capital	20		95		95
Profit and loss account	21		3,994,499		6,916,323
			3,994,594		6,916,418

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P Foster
Director

Date: 13 December 2022

The notes on pages 12 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021 (as previously stated)	95	9,172,688	9,172,783
Prior year adjustment	-	(2,256,365)	(2,256,365)
At 1 January 2021 (as restated)	95	6,916,323	6,916,418
Comprehensive income for the year			
Loss for the year	-	(2,921,824)	(2,921,824)
At 31 December 2021	95	3,994,499	3,994,594

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020 (as previously stated)	95	6,570,023	6,570,118
Prior year adjustment	-	(1,466,021)	(1,466,021)
At 1 January 2020 (as restated)	95	5,104,002	5,104,097
Comprehensive income for the year			
Profit for the year (as restated)	-	1,812,321	1,812,321
At 31 December 2020 (as restated)	95	6,916,323	6,916,418

The notes on pages 12 to 26 form part of these financial statements.

1. General information

Love Energy Savings.com Limited ('the Company') is a private company, limited by shares, incorporated in the United Kingdom and registered in England. The Company's registered number is 06322305. The address of its registered office and principal place of business is:

Unit 2 Springfield Court

Summerfield Road

Bolton

BL3 2NT

The principal activity of the Company is that of a commercial utilities intermediary.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Seahawk Bidco Limited as at 31 December 2021 and these financial statements may be obtained from Unit 2 Springfield Court, Summerfield Road, Bolton, BL3 2NT.

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on a going concern basis. The directors, having considered the financial position of the Company for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Company to continue as a going concern.

Accordingly the directors have a reasonable expectation that the Company will continue in operational existence and thus they adopt the going concern basis of accounting in preparing the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	3 years

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	33%	on cost
Office equipment	-	33%	on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Debtors

Trade debtors that are receivable within one year and do not contstitue a financing transaction are measured at transaction price, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

(i) Estimating the value of services delivered

The Company recognises a provision against revenue for signed customer contracts that are ultimately not delivered due to the energy provider being unable to complete the switching process. This estimate is reviewed and updated monthly.

The Company also estimates the proportion of sales which may be clawed back at the end of the contract. The revenue recognition model is based upon expected contract usage but if this ultimately ends up being below expectations than an adjustment will be required.

4. Turnover

All turnover arose within the United Kingdom and is attributable to the Company's principal activity.

5. Exceptional items

	2021	As restated 2020
	£	£
Impact of COVID-19 on prior year balances	6,878,548	1,569,152

Within the company's revenue recognition model an assumption is made as to what usage will be over a contract life. Should actual usage be below this estimate then a claw back of fees will be made against the company. Due to the impact of COVID-19, there was a significant reduction in the level of utilities used as many businesses temporarily closed or scaled back operations. Therefore a charge was recognised to reduce the level of previously recorded revenue.

6. Other operating income

	2021	2020
	£	£
Government grants receivable	85,176	312,000

7. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	38,317	27,112
Amortisation of intangible assets	863,468	310,213
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	21,000	21,000
Operating lease rentals	238,730	223,247
Defined contribution pension cost	160,233	139,429

8. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	21,000	21,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

9. Employees

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

	2021 £	2020 £
Wages and salaries	9,968,050	7,641,826
Social security costs	887,385	779,714
Cost of defined contribution scheme	160,233	139,429
	11,015,668	8,560,969

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Office and admin staff	264	258

10. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	666,547	661,037
Company contributions to defined contribution pension schemes	6,594	6,568
	673,141	667,605

During the year retirement benefits were accruing to 5 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £181,020 (2020 - £183,062).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,319 (2020 - £1,314).

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest and similar charges	4,097	5,473

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	11,270
Adjustments in respect of previous periods	(9,557)	-
Total current tax	(9,557)	11,270
Deferred tax		
Origination and reversal of timing differences	(977,122)	6,776
Adjustment in respect of previous periods	2,905	(5,074)
Effect of tax rate change on opening balance	2,740	-
Total deferred tax	(971,477)	1,702
Taxation on (loss)/profit on ordinary activities	(981,034)	12,972

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	As restated 2020
	£	£
(Loss)/profit on ordinary activities before tax	(3,902,858)	1,825,293
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(741,543)	346,806
Effects of:		
Fixed asset differences	(1,855)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	633	1,724
Group relief surrendered/(claimed)	-	(191,582)
Adjustments to tax charge in respect of prior periods	(9,557)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(289,067)
Adjustments to tax charge in respect of previous periods - deferred tax	2,905	(5,074)
Remeasurement of deferred tax for changes in tax rates	(231,770)	-
Adjustment in respect of prior year adjustments	-	150,165
Other pernament differences	153	-
Total tax charge for the year	(981,034)	12,972

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

13. Intangible assets

	Development expenditure £
Cost	
At 1 January 2021	1,325,515
Additions	2,244,168
At 31 December 2021	3,569,683
Amortisation	
At 1 January 2021	359,785
Charge for the year on owned assets	863,468
At 31 December 2021	1,223,253
Net book value	
At 31 December 2021	2,346,430
At 31 December 2020	965,730

14. Tangible fixed assets

	Fixtures & fittings	Office equipment	Total
	£	£	£
Cost			
At 1 January 2021	36,955	190,919	227,874
Additions	-	53,151	53,151
At 31 December 2021	36,955	244,070	281,025
Depreciation			
At 1 January 2021	24,091	131,932	156,023
Charge for the year on owned assets	6,977	31,340	38,317
At 31 December 2021	31,068	163,272	194,340
Net book value			
At 31 December 2021	5,887	80,798	86,685
At 31 December 2020	12,864	58,987	71,851

15. Debtors

	2021	2020
	£	£
Due after more than one year		
Prepayments and accrued income	12,259,573	9,957,566

	2021	As restated 2020
	£	£
Due within one year		
Trade debtors	191,781	1,246,001
Other debtors	4,756	38,458
Prepayments and accrued income	7,317,704	11,538,117
Deferred taxation	965,707	-
	8,479,948	12,822,576

16. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	3,558,988	3,369,765

17. Creditors: Amounts falling due within one year

	2021	As restated 2020
	£	£
Trade creditors	1,890,013	1,708,743
Amounts owed to group undertakings	9,185,013	4,521,250
Corporation tax	-	9,545
Other taxation and social security	1,337,280	1,773,846
Other creditors	119,410	75,528
Accruals and deferred income	3,790,240	3,712,457
	16,321,956	11,801,369

Amounts owed to group undertakings are interest free and repayable on demand.

18. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Accruals and deferred income	6,415,074	8,463,931

19. Deferred taxation

	2021	2020
	£	£
At beginning of year	(5,770)	(4,068)
Charged to the profit or loss	971,477	(1,702)
At end of year	965,707	(5,770)

19. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(19,002)	(5,770)
Short term timing differences	8,508	-
Losses and other deductions	976,201	-

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
9,500 (2020 - 9,500) ordinary shares of £0.01 each	95	95

The Company has one class of ordinary shares which carry the right to vote and receive dividends.

21. Reserves

Profit & loss account

This reserve represents cumulative profits and losses.

22. Prior year adjustment

Following a system review during the year it was noted that a number of contracts which were showing as being live had in fact ended. As a result no further amounts were expected to be recovered on these items. For 2020 this has resulted in a reduction of turnover of £2,269,911 with a corresponding reduction in cost of sales of £1,479,566 to reflect lower commissions payable. 2020 opening retained earnings have also been reduced by £1,466,021 to reflect the impact on earlier years. For 2020 the net impact has been reflected within exceptional costs as the below expected revenue levels reflect lower consumption connected to COVID-19.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £160,233 (2020: £139,429). Contributions totalling £34,035 (2020: £31,310) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	235,261	206,397
Later than 1 year and not later than 5 years	798,244	809,200
Later than 5 years	63,553	-
	1,097,058	1,015,597

25. Related party transactions

During the year the Company incurred costs of £101,267 (2020: £100,000) relating to monitoring fees from a related party by virtue of being a shareholder in the ultimate controlling party. The balance outstanding at the year end was £Nil (2020: £Nil).

During the year the Company paid £Nil (2020: £Nil) for consultancy fees to a related party by virtue of a common director. At the year end, the company owed £Nil (2020: £Nil) to the related party.

The Company has taken advantage of the exemption conferred by FRS 102 Section 33 not to disclose transactions with wholly owned members of the group headed by Love Saving Group Limited.

26. Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

27. Controlling party

The Company's immediate parent undertaking, and immediate controlling party by virtue of their ownership of the Company's issued shares is Sandown Holdings Limited, a Company registered in England and Wales.

The Company has no ultimate controlling party with majority voting control.

The largest and smallest group into which the Company is consolidated is that of Seahawk Bidco Limited and the consolidated accounts of Seahawk Bidco Limited may be obtained from The Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.