

Love Energy Savings.com Limited

Registered number: 06322305

Annual report and financial statements

For the year ended 31 December 2020

COMPANY INFORMATION

Directors	P Foster S Evans P Windas
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

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Introduction

The Directors present their strategic report and the financial statements for the year ended 31 December 2020.

Business review

The company's principal activity is to help UK businesses compare and procure energy contracts saving them time, money and hassle. We are a market leader in business energy comparison fuelled by digital excellence, intelligent data leverage, industry leading consultants and underpinned by proprietary technology. Love Energy Savings.com Limited leverages its expertise in two distinct market segments through two divisions.

Love Energy Savings (LES) empowers small and medium sized enterprises (SMEs) to quickly and easily compare and switch energy contracts. The customer centric delivery combines market leading technology and people to deliver comparison and switching services 24/7. LES is continually recognised as trusted market leader validated by increasing customer numbers and excellent Trustpilot ratings. LES receives a commission for each successful switch from a vetted panel of suppliers.

Evolve Online Tech (Evolve) utilises the company's market leading technology to power UK energy brokers who service the SME market. Evolve operates with its own resource to support Resellers and its technology therefore creating a secondary market leading brand into a different pool of customers.

Love Energy Savings continues to be recognised as one of the most trusted comparison businesses and has significantly grown its customer base through online and offline activity.

Operating profit increased, pre COVID related adjustments, to £3,399,918 (2019: £3,030,556) by utilising inhouse tech capability to improve operating efficiencies, growing the talent pool, maintaining a five star review score on Trustpilot and capitalising on the online position. The business has made a £778,807 one off exceptional adjustment to its operating profit in 2020 to provide for the recovery of contracts sold in prior years. As a consequence the operating profit after this exceptional COVID adjustment was £2,621,111.

Love Energy Savings has continued to trade and operate throughout the various COVID lockdowns in 2020 ensuring that staff are supported in enabling them to work remotely or in COVID secure conditions if they are unable to work remotely. It has engaged proactively with its energy supplier partners and other key stakeholders to manage the unique challenges this has created for both them and businesses looking to switch their energy supply.

Other achievements in the year were:

1. Improving its customer facing tech platform to procure, onboard and manage its customers
2. Diversifying its product range to include non energy products to existing customers and potentially new business
3. Improving its operational structures to operate in harmony and efficiently
4. Consolidation of its exceptional employee brand with third party accreditation and has excelled in using new methods of communication in this new world
5. New investment in additional online stores to widen the core market

At the end of the financial year the Company had net assets of £9,172,519 (2019: £6,570,118) with the growth reflective of the result for the year.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The key inherent industry risks that the Group faces are competition, market operating change and staff retention. The Group actively monitors such risks through regular business performance reviews. The Group strives to provide exceptional service to its customers and staff with a continual focus on communication and an easy to do business attitude. Changes in the market operating environment are monitored closely by internal compliance teams and tight relationships with its supplier panel. The Group has strong relationships with staff and provides ongoing training, development, support and recognition.

The directors of Love Energy continue to monitor the impact of COVID19 on the business and its key risks and business performance metrics. At present the directors are not aware of any material impact on the performance of the business due to COVID19, however they continue to monitor business performance and the potential risks COVID19 and impact on the business on an ongoing basis.

Financial key performance indicators

The Company continually reviews its main KPIs in real time via an internal management information dashboard. More formal reviews take place on a weekly basis and management consider the following as the key drivers:

- EBITDA
- Revenue
- Revenue per customer / Margin per enquiry
- Customer numbers
- Supplier live rates
- Customer trust score
- Cashflow headroom
- Staff productivity

Directors' statement of compliance with duty to promote the success of the Company

The board of directors of Love Energy Savings.com Limited consider that both individually and together that they have acted in the way they consider, in good faith, would be the most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s172(1)(a-f) of the Act) in the decisions taken in the year ended 31 December 2020.

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

P Foster
Director

Date: 6 July 2021

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

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 profit for the year, after taxation, amounted to £2,602,666 (2019 - £2,757,369).

The directors have not proposed a dividend (2019: 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
P Windas

Future developments

The Group is set for 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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

There have been no significant events affecting the company since the year end.

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: 6 July 2021

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 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of 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 either the directors intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

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 significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our 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.

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

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

7 July 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	29,118,498	29,857,884
Cost of sales		(18,051,718)	(20,207,999)
Gross profit		<u>11,066,780</u>	<u>9,649,885</u>
Administrative expenses		(7,978,862)	(6,619,329)
Impact of COVID-19 on prior year balances	12	(778,807)	-
Other operating income	5	312,000	-
Operating profit	6	<u>2,621,111</u>	<u>3,030,556</u>
Interest payable and similar charges	10	(5,473)	(4,609)
Profit before tax		<u>2,615,638</u>	<u>3,025,947</u>
Tax on profit	11	(12,972)	(268,578)
Profit for the financial year		<u><u>2,602,666</u></u>	<u><u>2,757,369</u></u>

There was no other comprehensive income for 2020 (2019:£NIL).

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	965,730	105,632
Tangible assets	14	71,851	39,047
		<u>1,037,581</u>	<u>144,679</u>
Current assets			
Debtors: amounts falling due after more than one year	15	9,957,566	8,018,631
Debtors: amounts falling due within one year	15	16,822,161	16,768,829
Cash at bank and in hand	16	3,369,765	1,219,954
		<u>30,149,492</u>	<u>26,007,414</u>
Creditors: amounts falling due within one year	17	(13,544,588)	(15,151,629)
Net current assets		<u>16,604,904</u>	<u>10,855,785</u>
Total assets less current liabilities		<u>17,642,485</u>	<u>11,000,464</u>
Creditors: amounts falling due after more than one year	18	(8,463,931)	(4,426,278)
Provisions for liabilities			
Deferred tax	19	(5,770)	(4,068)
		<u>(5,770)</u>	<u>(4,068)</u>
Net assets		<u>9,172,784</u>	<u>6,570,118</u>
Capital and reserves			
Called up share capital	20	95	95
Profit and loss account	21	9,172,689	6,570,023
		<u>9,172,784</u>	<u>6,570,118</u>

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

P Foster
Director

Date: 6 July 2021

The notes on pages 12 to 25 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 2019	95	3,812,654	3,812,749
Comprehensive income for the year			
Profit for the year	-	2,757,369	2,757,369
At 1 January 2020	95	6,570,023	6,570,118
Comprehensive income for the year			
Profit for the year	-	2,602,666	2,602,666
At 31 December 2020	<u>95</u>	<u>9,172,689</u>	<u>9,172,784</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020 and these financial statements may be obtained from Unit 2 Springfield Court, Summerfield Road, Bolton, BL3 2NT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 range from 3 to 6 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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 Statement of Financial Position 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.

2.11 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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 constitute 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.

2.16 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 Statement of Financial Position 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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. Other operating income

	2020 £	2019 £
Government grants receivable	<u>312,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	27,112	22,859
Amortisation of intangible assets	310,213	49,572
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	21,000	20,000
Operating lease rentals	223,247	148,793
Defined contribution pension cost	<u>139,429</u>	<u>115,457</u>

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>21,000</u>	<u>20,000</u>

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.

8. Employees

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

	2020	2019
	£	£
Wages and salaries	7,641,826	7,272,603
Social security costs	779,714	714,344
Cost of defined contribution scheme	139,429	115,457
	<u>8,560,969</u>	<u>8,102,404</u>

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

	2020	2019
	No.	No.
Office and admin staff	<u>258</u>	<u>253</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	661,037	277,500
Company contributions to defined contribution pension schemes	6,568	2,285
	<u>667,605</u>	<u>279,785</u>

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £183,062 (2019 - £186,586).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,314 (2019 - £1,188).

10. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest and similar charges	<u>5,473</u>	<u>4,609</u>

11. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on profits for the year	11,270	-
Adjustments in respect of previous periods	-	(85,752)
Total current tax	<u>11,270</u>	<u>(85,752)</u>
Deferred tax		
Origination and reversal of timing differences	6,776	366,080
Adjustments in respect of previous periods	(5,074)	26,356
Effect of tax rate change on opening balance	-	(38,106)
Total deferred tax	<u>1,702</u>	<u>354,330</u>
Taxation on profit on ordinary activities	<u>12,972</u>	<u>268,578</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,615,638</u>	<u>3,025,947</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	496,971	574,930
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,724	407
Group relief surrendered/(claimed)	(191,582)	(170,972)
Adjustments to tax charge in respect of prior periods	-	(85,752)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(289,067)	(38,285)
Adjustments to tax charge in respect of previous periods - deferred tax	(5,074)	26,357
Adjust opening deferred tax to average rate of 19.00%	-	(38,107)
Total tax charge for the year	<u><u>12,972</u></u>	<u><u>268,578</u></u>

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Exceptional items

	2020	2019
	£	£
Impact of COVID-19 on prior year balances	778,807	-
	<u>778,807</u>	<u>-</u>

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 has been a significant reduction in the level of utilities used as many businesses have temporarily closed or scaled back operations. Therefore a charge has been recognised to reduce the level of previously recorded revenue.

13. Intangible assets

	Development expenditure
	£
Cost	
At 1 January 2020	155,204
Additions	1,170,311
At 31 December 2020	<u>1,325,515</u>
Amortisation	
At 1 January 2020	49,572
Charge for the year on owned assets	310,213
At 31 December 2020	<u>359,785</u>
Net book value	
At 31 December 2020	<u>965,730</u>
At 31 December 2019	<u>105,632</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Total £
Cost			
At 1 January 2020	36,639	131,319	167,958
Additions	316	59,600	59,916
At 31 December 2020	36,955	190,919	227,874
Depreciation			
At 1 January 2020	15,872	113,039	128,911
Charge for the year on owned assets	8,219	18,893	27,112
At 31 December 2020	24,091	131,932	156,023
Net book value			
At 31 December 2020	12,864	58,987	71,851
At 31 December 2019	20,767	18,280	39,047

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Debtors

	2020 £	2019 £
Due after more than one year		
Prepayments and accrued income	<u>9,957,566</u>	<u>8,018,631</u>
	2020 £	2019 £
Due within one year		
Trade debtors	1,246,001	1,950,987
Other debtors	38,458	91,390
Prepayments and accrued income	<u>15,537,702</u>	<u>14,726,452</u>
	<u>16,822,161</u>	<u>16,768,829</u>

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>3,369,765</u>	<u>1,219,954</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,708,743	1,351,866
Amounts owed to group undertakings	4,521,250	3,801,997
Corporation tax	9,545	-
Other taxation and social security	1,773,846	1,080,812
Other creditors	75,528	76,301
Accruals and deferred income	<u>5,455,676</u>	<u>8,840,653</u>
	<u>13,544,588</u>	<u>15,151,629</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

	2020 £	2019 £
Accruals and deferred income	<u>8,463,931</u>	<u>4,426,278</u>

19. Deferred taxation

	2020 £	2019 £
At beginning of year	(4,068)	350,262
Charged to the profit or loss	<u>(1,702)</u>	<u>(354,330)</u>
At end of year	<u>(5,770)</u>	<u>(4,068)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>(5,770)</u>	<u>(4,068)</u>
	<u>(5,770)</u>	<u>(4,068)</u>

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
9,500 (2019 - 9,500) ordinary shares of £0.01 each	<u>95</u>	<u>95</u>

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. 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 £139,429 (2019: £115,457). Contributions totalling £31,310 (2019: £26,842) were payable to the fund at the balance sheet date.

23. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	206,397	218,138
Later than 1 year and not later than 5 years	809,200	169,473
Later than 5 years	-	52,900
	<u>1,015,597</u>	<u>440,511</u>

24. Related party transactions

During the year the Company incurred costs of £100,000 (2019: £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 (2019: £nil).

During the year the Company paid £Nil (2019: £2,312) for consultancy fees to a related party by virtue of a common director. At the year end, the company owed £Nil (2019: £262) to the related party.

The Company has taken advantage of the exemption conferred by FRS 102 Section 33 not to disclose transactions with members of the group headed by Love Saving Group Limited on the grounds that 100% of the voting rights in the Company are controlled within that group and the Company's results are included in consolidated financial statements.

25. 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.

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