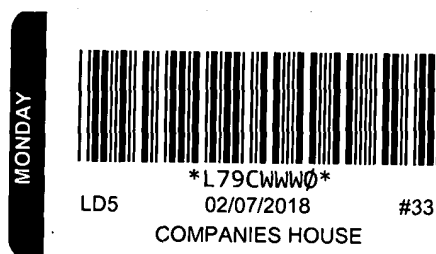


## **CEG Regional Limited**

Registered Number: 09692730

Audited Annual Report and Accounts

For the year ended 31 December 2017



**CompareEurope**  
*Group*

## **CEG Regional Limited**

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## **CEG Regional Limited**

### **Company Information**

**Directors:** A Gagliardi  
D Vogel (resigned on 24 March 2018)  
G Egorov (appointed on 9 April 2018)

**Registered number:** 09692730

**Registered office:** Broadbent House  
65 Grosvenor Street  
London  
W1K 3JH

**Bankers:** Commerzbank AG  
30 Gresham Street  
London  
EC2V 7PG

**Independent auditors:** Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **CEG Regional Limited**

### **Directors' Report**

The directors present their annual report and the audited financial statements for CEG Regional Limited (the "Company") for the year ended 31 December 2017.

#### **Principal activities**

The principal activity of the Company is the provision of management and administrative support services for the European group entities.

#### **Results and dividends**

The Company made a loss of £37,117 for the year (2016: loss of £113,496). The directors do not recommend the payment of a dividend.

#### **Going concern**

The directors have considered the relevant business and financial risks and the ability of the Company to continue in operational existence for the foreseeable future. Based on the assets available to the Company, and a parental support letter valid for at least one year following the date of approval of these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have adopted the going concern basis in preparing the annual report and accounts.

#### **Directors**

The directors who served during the year and up to the date of signing of the financial statements were:

A Gagliardi	
D Vogel	(resigned on 24 March 2018)
G Egorov	(appointed on 9 April 2018)

#### **Strategic report**

The Company has taken advantage of the small companies' exemption under Section 414(B) of the Companies Act 2006 not to prepare a strategic report.

#### **Disclosure of information to auditors**

The directors who were members of the board at the time of approving the Directors' Report are listed on page 1. Each of the directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

**CEG Regional Limited**

**Directors' Report (continued)**

**Auditors**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after the latest date prescribed for filing the accounts with the registrar.

This report was approved by the board of directors on 27 June 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'G Egorov', with a long horizontal stroke extending to the right.

G Egorov  
Director

## **CEG Regional Limited**

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework'). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

## **Independent Auditor's Report To the member of CEG Regional Limited**

### **Opinion**

We have audited the financial statements of CEG Regional Limited (the "Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of changes in equity, the balance sheet and the related notes 1 to 14, 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 101 'Reduced Disclosure Framework' ("United Kingdom Generally Accepted Accounting Practice").

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 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 below. 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 Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Independent Auditor's Report (continued)**

### **To the member of CEG Regional Limited**

#### **Other information (continued)**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion 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 give the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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



**Independent Auditor's Report (continued)**  
**To the member of CEG Regional Limited**

**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.

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

**Use of our report**

This report is made solely to the Company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Naresh Alimchandani (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

29 June 2018

**CEG Regional Limited**

**Statement of Comprehensive Income**

**For the year ended 31 December 2017**

	Note	2017 £	2016 £
<b>Revenue</b>	3	664,010	669,099
Costs of sales		-	-
<b>Gross profit</b>		<b>664,010</b>	<b>669,099</b>
Administrative expenses		(688,644)	(799,901)
<b>Operating loss</b>	4	<b>(24,634)</b>	<b>(130,802)</b>
Foreign exchange gains/(losses), net		(6,020)	18,972
Finance income	7	-	5,549
Finance cost	7	(6,463)	(7,215)
Finance cost, net		(6,463)	(1,666)
<b>Loss on ordinary activities before taxation</b>		<b>(37,117)</b>	<b>(113,496)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(37,117)</b>	<b>(113,496)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(37,117)</b>	<b>(113,496)</b>

The notes on pages 11 to 26 form part of these financial statements.

**CEG Regional Limited**

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

	Share capital £	Share premium £	Retained earnings/ (accumulated losses) £	Total £
At 1 January 2016	1	-	(30,508)	(30,507)
Total comprehensive income/(loss) for the year	-	-	(113,496)	(113,496)
<b>At 31 December 2016</b>	<b>1</b>	<b>-</b>	<b>(144,004)</b>	<b>(144,003)</b>
Total comprehensive income/(loss) for the year	-	-	(37,117)	(37,117)
<b>At 31 December 2017</b>	<b>1</b>	<b>-</b>	<b>(181,121)</b>	<b>(181,120)</b>

The notes on pages 11 to 26 form part of these financial statements.

**CEG Regional Limited**  
Registered number: 09692730

**Balance Sheet**  
**As at 31 December 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	9	382	840
Investments in group companies	10	190	136
		<u>572</u>	<u>976</u>
<b>Current assets</b>			
Amounts owed by group companies	12	-	2,726,878
Amounts owed by related parties	12	13,558	-
Prepayments and deposits		804	3,988
VAT receivables		7,360	6,614
Cash at bank or on hand		54,181	9,615
		<u>75,903</u>	<u>2,747,095</u>
<b>Creditors: amounts falling due within one year</b>			
Trade creditors	11	103,040	6,406
Amounts due to group companies	12	86,893	2,827,422
Other creditors including tax and social security	11	16,587	11,160
Accruals		51,075	47,086
		<u>257,595</u>	<u>2,892,074</u>
<b>Net current liabilities</b>		<b>(181,692)</b>	<b>(144,979)</b>
<b>Total assets less current liabilities</b>		<b>(181,120)</b>	<b>(144,003)</b>
Creditors: amounts falling due after more than one year		-	-
<b>Net liabilities</b>		<b>(181,120)</b>	<b>(144,003)</b>
<b>Capital and reserves</b>			
Share capital	13	1	1
Share premium		-	-
Retained earnings / (accumulated losses)		(181,121)	(144,004)
<b>Total equity</b>		<b>(181,120)</b>	<b>(144,003)</b>

This report was approved by the board of directors on 27 June 2018 and signed on its behalf by:



G Egorov  
Director

The notes on pages 11 to 26 form part of these financial statements.

## CEG Regional Limited

### Notes to the Financial Statements

For the year ended 31 December 2017

#### 1. Authorisation of financial statements and statement of compliance with FRS 101

CEG Regional Limited (the "Company") is a limited liability company incorporated and domiciled in England and Wales. The registered office of the Company is located at Broadbent House, 65 Grosvenor Street, London W1K 3JH, United Kingdom.

The financial statements of the Company for the year ended 31 December 2017 were authorised for issue by the board of directors on 27 June 2018 and the balance sheet was signed on the board's behalf by G Egorov.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and in accordance with applicable accounting standards and the requirements of the Companies Act 2006.

The Company's financial statements are presented in Sterling (£) and all values are rounded to the nearest pound except when otherwise indicated.

The principal accounting policies adopted by the Company are set out in note 2.

#### 2. Accounting policies

##### 2.1. Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - i. paragraph 79(a)(iv) of IAS 1; and
  - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
- b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- c) the requirements of IAS 7 *Statement of Cash Flows*;
- d) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- e) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- f) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- g) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

**CEG Regional Limited**  
**Notes to Financial Statements**  
**For the year ended 31 December 2017**

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

***Taxation***

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

**2.3. Significant accounting policies**

**a) Investments in subsidiaries**

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

In the balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of the subsidiary are accounted for by the Company on the basis of dividends received and receivable. When the Company disposes of equity interest in subsidiaries, the difference between the total sales proceeds and the cost of the Company's investments is recognised in profit or loss.

**b) Group accounts**

The Company is a wholly owned subsidiary of CompareEurope Group Capital Limited, a company incorporated in the Cayman Islands, which prepares consolidated financial statements (see note 14). Therefore the Company is not required to prepare group accounts under section 401 of the Companies Act 2006. These financial statements present information about the Company standing alone and not about its group.

**c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition necessary for them to be capable of operating in the manner intended by management.

**CEG Regional Limited**  
**Notes to Financial Statements**  
**For the year ended 31 December 2017**

**2.3. Significant accounting policies (continued)**

**c) Property, plant and equipment (continued)**

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally recognised in profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 5 years
Furniture, fixtures and equipment	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement, calculated as the difference between the net sales proceeds and the carrying amount of the relevant asset, is recognised in profit or loss in the period the asset is derecognised.

**d) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in profit or loss in the period in which it arises.

**CEG Regional Limited**  
**Notes to Financial Statements**  
**For the year ended 31 December 2017**

**2.3. Significant accounting policies (continued)**

**d) Impairment of non-financial assets (continued)**

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is recognised in profit or loss in the period in which it arises.

**e) Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease where all the risks and rewards incidental to ownership of the asset are transferred substantially to the lessee is classified as a finance lease. An operating lease is a lease other than a finance lease.

*Company as a lessee*

Rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on a straight-line basis over the lease terms.

**f) Financial assets**

*Initial recognition and measurement*

Financial assets of the Company are classified, at initial recognition, as loans and receivables, as appropriate. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's financial assets include cash at banks and on hand, other debtors, amounts owed by group companies and related parties.

When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets. All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Subsequent measurement*

After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss. The loss arising from impairment is recognised in profit or loss.



**CEG Regional Limited**  
**Notes to Financial Statements**  
**For the year ended 31 December 2017**

**2.3. Significant accounting policies (continued)**

**f) Financial assets (continued)**

*Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

*Impairment of financial assets*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

**CEG Regional Limited**  
**Notes to Financial Statements**  
**For the year ended 31 December 2017**

**2.3. Significant accounting policies (continued)**

**f) Financial assets (continued)**

*Impairment of financial assets (continued)*

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

**g) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings and payables, as appropriate. The Company's financial liabilities include trade and other creditors, amounts due to group companies.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

**CEG Regional Limited**  
**Notes to Financial Statements**  
**For the year ended 31 December 2017**

**2.3. Significant accounting policies (continued)**

**g) Financial liabilities (continued)**

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference between the respective carrying amounts is recognised in profit or loss.

**h) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**i) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash on hand and at bank, including term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

**j) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates and returns, value added tax and other sales taxes and duties. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss according to following criteria:

**i. Service fee income**

Service fee income is recognised when the relevant services have been rendered.

**ii. Interest income**

Interest income is recognised as it accrues using the effective interest method, by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

**CEG Regional Limited**  
**Notes to Financial Statements**  
**For the year ended 31 December 2017**

**2.3. Significant accounting policies (continued)**

**k) Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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**2.3. Significant accounting policies (continued)**

**l) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Company has a legal or constructive obligation arising as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**m) Foreign currency translation**

The Company's financial statements are presented in Sterling (£), which is the Company's functional currency. Foreign currency transactions recorded by the Company are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

**n) Going concern**

The directors have considered the relevant business and financial risks and the ability of the Company to continue in operational existence for the foreseeable future. Based on the assets available to the Company, and a parental support letter valid for at least one year following the date of approval of these financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors have adopted the going concern basis in preparing the annual report and accounts.

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**3. Revenue**

Revenue is attributable to the principal activity of the Company, i.e. provision of management and administrative support services, as noted in the Directors' Report, and arose wholly in the United Kingdom.

**4. Operating loss**

Operating loss is stated after charging:

	2017 £	2016 £
Staff costs (Note 6)	425,989	357,351
Depreciation of property, plant and equipment (Note 9)	<u>458</u>	<u>458</u>

**5. Auditor's remuneration**

The following amounts were payable to the Company's auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2017 £	2016 £
Audit of the financial statements	4,915	4,500
Tax advisory services in relation to the Company and other group companies	18,000	-
Other services	-	-
	<u>22,915</u>	<u>4,500</u>

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**6. Staff costs and directors' remuneration**

(a) Staff costs, including directors' remuneration

	2017 £	2016 £
Wages and salaries	382,432	326,095
Social security costs	42,683	31,256
Pension costs – defined contribution plans	874	-
	<u>425,989</u>	<u>357,351</u>

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

	2017	2016
Administration and support	<u>6</u>	<u>5</u>

(b) Directors' remuneration

	2017 £	2016 £
Aggregate remuneration	<u>130,000</u>	<u>130,000</u>

The highest paid director received remuneration of £130,000 (2016: £130,000).

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**7. Finance income and cost**

<b>Finance income</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Accrued interest on amounts owed by group companies	<u>-</u>	<u>5,549</u>
<b>Finance cost</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest expense on amounts due to the immediate holding company	<u>6,463</u>	<u>7,215</u>

**8. Taxation**

(a) Tax charged in the statement of comprehensive income

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current income tax:</b>		
UK corporation tax	-	-
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	<u>-</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>



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**8. Taxation (continued)**

**(b) Reconciliation of the total tax charge**

The tax expense in the statement of comprehensive income for the year is different from the standard tax rate of the corporation tax in the UK of 19.25% (2016: 20%). The reconciliation of such is as follows:

	2017 £	2016 £
Loss before taxation	<u>(37,117)</u>	<u>(113,496)</u>
Tax calculated at UK standard rate of corporation tax at 19.25% (2016: 20%)	(7,146)	(22,699)
Expenses not deductible for tax purposes	-	458
Tax losses not recognised	<u>7,146</u>	<u>22,241</u>
<b>Tax charge at the Company's effective tax rate</b>	<u><u>-</u></u>	<u><u>-</u></u>

**(c) Unrecognised tax losses**

The Company surrendered £12,240 (£14,029) of unrecognised tax losses, which arose in the UK, to CompareEuropeGroup Limited, the immediate parent company, for nil consideration under UK's group relief arrangement.

And unrecognised tax losses, which arose in the UK, amounted to £167,816 (2016: £144,044) are available for offsetting against future taxable profits for the Company for an indefinite period of time. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over the utilisation and recoverability of these tax losses.

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**9. Tangible fixed assets**

	Furniture, fixtures and equipment £
<b>Cost:</b>	
At 1 January 2016	1,374
Additions	-
At 31 December 2016	1,374
Additions	-
At 31 December 2017	1,374
<b>Accumulated depreciation:</b>	
At 1 January 2016	76
Provided for the year	458
At 31 December 2016	534
Provided for the year	458
At 31 December 2017	992
<b>Net carrying amount:</b>	
At 31 December 2017	382
At 31 December 2016	840

**10. Investments**

(a) Investments in group companies

	£
At 1 January 2016	135
Additions	1
At 31 December 2016	136
Additions	54
At 31 December 2017	190

On 1 February 2017 the Company acquired 0.02% of the voting shares of Compeugroup-Soc Mediacao Seguros, Lda, a private company based in Portugal, for a consideration of €1 (£1).

On 26 May 2017, the Company acquired 1% of the voting shares of TopCompare Information Services Belgium SPRL, a private company based in Belgium, for a consideration of €62 (£53).

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**10. Investments (continued)**

(b) Details of Group undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital at 31 December 2017 and 2016, are as follows:

Name of company	Holding	Proportion of voting rights and shares held		Nature of Business
		2017	2016	
Subsidiary undertakings:				
CompareEuropeGroup Portugal, Unipessoal Lda	Ordinary shares	100%	100%	Provision of management and administrative support services

**11. Trade and other creditors**

Trade and other creditors are non-interest-bearing and generally have an average term of 30 days.

**12. Balances with related parties**

Amounts owed by group companies, and amounts owed by related parties are unsecured, non-interest bearing and are payable in the short term. Amounts due to group companies are unsecured, interest bearing at a fixed rate of 0.5% per annum and repayable on demand.

**13. Authorised, issued and called up share capital**

	No.	£
<i>Allotted, called up and fully paid:</i>		
Ordinary share of £1 each		
At 31 December 2016 and 2017	<u>1</u>	<u>1</u>

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**14. Ultimate parent undertaking and controlling party**

The immediate parent undertaking of the Company is CompareEuropeGroup Limited, a company incorporated in England and Wales. The intermediate parent undertaking of the Company is CompareEurope Group Capital Limited, a company registered in the Cayman Islands, which is the parent undertaking of the smallest group to consolidate these financial statements. The ultimate parent undertaking and ultimate controlling party is Nova Founders Capital Limited, a company registered in the Cayman Islands, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of its consolidated financial statements can be obtained from the Secretary, CompareEurope Group Capital Limited, at Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.