

Company number 10636682

**Compare The Market Limited
Annual Report and Financial Statements
Year Ended 30 June 2022**



Compare The Market Limited

Year ended 30 June 2022

Annual report and financial statements

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Directors

AD Hewitt MBE
MM Bailie
TB Boldt
KH Chung
Lord JK Gadhia
R Hoskins
SD Keating
DJ Osborne
DJ Platt
M Raisbeck

Secretary and registered office

F Mawarire
Pegasus House
Bakewell Road
Orton Southgate
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PE2 6YS

Auditor

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
ED14 5EY

Compare The Market Limited

Year ended 30 June 2022

Strategic report

The Directors present the Strategic report for the year ended 30 June 2022.

Results and dividends

The annual results of Compare The Market Limited, ("the Company") for the year ended 30 June 2022 are set out on page 14 and show a profit before taxation of £106.0m (2021: £163.6m). The Directors consider these results reflect wider market conditions and they remain confident of future prospects.

During the year, the Company has paid dividends on ordinary shares of £88.7m (2021: £nil).

Trading review and future developments

The Company's principal activities comprise its price comparison website comparethemarket.com. It is authorised and regulated by the Financial Conduct Authority ("FCA").

Unprecedented market disruptions have resulted in overall revenue declining 9.6% to £422.3m (2021: £467.0m). The global increase in the wholesale price of energy caused domestic energy providers to withdraw competitive fixed tariffs from the marketplace. As customers became increasingly unlikely to save by switching energy provider, the Directors decided to remove energy products from comparethemarket.com's price comparison offerings in September 2021, resulting in a material reduction in revenues from energy switching in the year.

In addition, revenue from general insurance products has been impacted by a reducing premium environment resulting in reduced switching rates in general insurance, and by new regulations impacting the pricing of insurance which came into effect on 1 January 2022. These regulations, which arose from the findings of the FCA's "General Insurance Pricing Practices Market Study", require insurers to offer renewal prices to customers which are no higher than the equivalent new business price. This change further reduced switching rates and hence revenues from general insurance in the year.

The adverse impact of market disruptions was in part offset by the travel market returning to pre Covid-19 levels as restrictions eased and customers increased their appetite for foreign travel, contributing to customer numbers increasing 1.6% to 6.4m (2021: 6.3m).

The Company has continued to invest in key strategic areas of data, digital and technology platforms in line with its strategy to provide the simplest of experiences for its customers.

To support the delivery of the strategy, the Company has adopted a new business operating model to enable greater collaboration and agility, with teams focused on customer outcomes. The launch of the new operating model resulted in the de-prioritisation of certain initiatives and pivoting away from certain technologies and tools. Consequently, an impairment loss of £20.3m relating to software development intangible assets has been recorded in the year ended 30 June 2022.

This, together with the decline in revenue and increased investment has contributed to operating profit declining 38.0% to £97.3m (2021: £157.0m). Profit before taxation declined by 35.2% to £106.0m (2021: £163.6m) due to reduced operating profit being offset by increased finance income of £9.4m (2021: £7.0m).

BGL (Holdings) Limited ("the Group") completed the restructuring programmes commenced in the prior year, relating to the devolution of certain management services provided by BGL Group Limited to its subsidiaries. Personnel services continue to be provided to the Company by BGL Group Limited which raises a management charge in respect of these services.

Compare The Market Limited

Year ended 30 June 2022

Strategic report

Key performance indicators

The Company's key performance indicators are:

	2022 £m	2021 £m	Movement
Revenue	422.3	467.0	(9.6%)
Operating profit	97.3	157.0	(38.0%)
Profit before taxation	106.0	163.6	(35.2%)

	Number	Number	Movement
Customer numbers	6.4m	6.3m	1.6%

The Company's Balance sheet remains strong with significant positive operating cash flows. The Directors believe that the Company is able to withstand the operational and economic disruption of reasonable downside scenarios.

Principal risks and uncertainties

The Company has in place a risk management framework that seeks to identify and limit potential adverse effects on the financial performance of the Company and achievement of its objectives.

The Company Board has established a risk appetite which is monitored through a set of key risk indicators and thresholds. Any risks considered to be outside of appetite are accompanied by appropriate action plans which are reviewed, approved and tracked by the Company Board and its Audit Committee and Risk Committee.

The Audit Committee and Risk Committee also review the implementation of processes for identifying, measuring, managing and controlling risks. The Committees receive and commission reports in relation to risk management activities, with escalation to the Company Board where appropriate.

A risk radar looking at near and long-term impacts of internal and external risk factors is reviewed by the Executive Risk Committee and Board Risk Committee (together "the Risk Committees") on a regular basis.

The risks set out below are monitored using the Company risk management framework and through established levels of management and governance review, from Company Executive meetings through to the Company Board and Board Committees.

Operational risk

The Company recognises the risks arising from maintaining and making changes to people, organisational structures, systems, processes and infrastructure to support current operations and on-going growth. The Company monitors these risks on an on-going basis and puts in place appropriate controls to manage them. During the year, there has been further development to align ownership of risks to the relevant Senior Management Function ("SMF"), with regular reporting to the Risk Committees.

Key sources of operational risk include business partner and supplier management, data security, change management and business continuity.

Compare The Market Limited

Year ended 30 June 2022

Strategic report

Principal risks and uncertainties (continued)

In addition, the Company assesses and manages execution risks of significant projects, including organisational change initiatives, through adopting a consistent project methodology which incorporates risk management activities. Significant risks arising from change activity are monitored by the Company Board and Company Executive.

People risk

Key sources of people risk arise from the Company's resourcing, skills and competence requirements, key person dependency and its approach to reward and recognition. The Company has in place a number of initiatives around recruiting and retaining talent, monitoring and developing the skills and experience of key roles across the Company. A comprehensive framework of HR processes, owned by the Chief People Officer, incorporates reward and resourcing, strategic planning and underpins a proactive people based risk management process.

Technology risk

The Company has in place processes, owned by the Chief Technology Officer, to manage the design, availability, capacity, performance, infrastructure failure, integrity and security of its technology assets to support the current operations of the Company and future change requirements.

The Company recognises cyber risk, such as the use of hacking techniques, social engineering or other malicious activities with the intent to cause damage or steal data for financial or competitive gain as a growing threat. The Company already has in place a comprehensive framework of controls to actively manage this risk which it regularly reviews and adapts as this threat evolves.

Conduct and Regulatory risk

- ✓ Conduct risk is the risk that the Company's business model, product design or sales practices do not deliver good customer outcomes or meet customer needs. The Company has in place a clearly defined risk management framework, including controls to manage conduct risk and to monitor customer outcomes. As above, there has been further development to align ownership of risks to the relevant SMF with regular reporting to the Risk Committees.

Regulatory risk is the risk that the Company will breach the requirements of a regulator or competition authority. Compare The Market Limited is authorised and regulated by the Financial Conduct Authority ("FCA"). In addition, the Company is required to comply with the rules and principles established by other market regulators and competition authorities. This risk is managed through an effective control framework and the operation of the governance structures.

The Company continues to review the legal and regulatory environment, particularly as its business model and product set evolves.

The price comparison and insurance intermediary sectors have been subject to an increasing level of scrutiny from regulatory authorities in recent years. The most significant of these are the remedies arising from the FCA General Insurance Pricing Practices Market Study which has banned the practice of 'price-walking' in retail motor and home insurance. The Company has implemented the new rules, the bulk of which came into effect on 1 January 2022.

The Company is currently evaluating the impact of, and developing an implementation plan for, the new FCA Consumer Duty. The Duty's objectives are to set higher and clearer standards to protect consumers in retail financial services and ensure firms put their customers' needs first by ensuring effective competition.

Compare The Market Limited

Year ended 30 June 2022

Strategic report

Principal risks and uncertainties (continued)

The Company has an established framework already in place to monitor good customer outcomes, and intends to enhance its current practices to ensure alignment with the Duty ahead of its introduction on 31 July 2023.

Conflicts of interest risk

Conflicts of interest risks could arise broadly across the business and each top tier governance meeting asks for conflicts of interest. The Company and Group have in place a clearly defined framework of controls to manage conflicts of interest risk and reporting is reviewed by the Risk Committees on a regular basis.

Strategic risk

The Company continues to evolve its strategy and is investing in key strategic areas of data, digital and technology platforms to provide the simplest of experiences for its customers. There is a risk that market factors or management's execution will impact the Company's ability to successfully deliver the strategy. The Company measures its strategic risk across a number of factors to determine progress against business strategy, including external market factors, market share, conversion rates, search results and strategic project delivery on time and within budget. For each risk there are clear lines of ownership to the relevant SMF with regular reporting to the Risk Committees.

Reputational risk

Reputational risk is the risk of adverse publicity arising from the Company's relationships with its customers, partners, suppliers and regulators. Key sources of reputational risk arise around brand and marketing, including direct interaction with customers and the performance of the Company's partner arrangements. There are robust controls in place to prevent incidents that could give rise to the reputational risks identified which are monitored by the Risk Committees. The Company also seeks to manage reputational risks where they arise through established communications and public relations channels.

Litigation risk

The Company's operations and contractual arrangements with third parties and customers may, from time to time, result in threatened or actual litigation. All potentially material matters are assessed, with the assistance of external advisers if appropriate. Where it is more likely than not that a payment will be made, a provision will be established to reflect the best estimate of the liability. Where it is not possible to form a view, disclosure of a contingent liability will be made where material.

Financial risk

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks and liquidity. Derivative financial instruments are used to manage these risks where appropriate.

War in Ukraine

The Company has mitigated the limited risk it had and has no direct material exposures to the political and economic impact of the war between Russia and Ukraine. The risks surrounding indirect impacts, such as disruption in banking systems, volatility in prices and foreign currencies and increased expenses due to the inflationary impacts of globally increasing energy costs are considered by the Directors when reviewing Company plans and performance.

Compare The Market Limited

Year ended 30 June 2022

Strategic report

Section 172 (1) statement

The Directors have complied with their duties to promote the success of the Company for the benefit of its members whilst having regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

To align corporate governance structures with changes to the business operating model, a restructuring of the Board of BGL Holdings Limited ("BGL Board") was carried out with effect from 1 July 2021. As part of this restructuring, a number of independent Non-Executive Directors joined the Board of Compare The Market Limited ("the Company Board").

The overall goal of the restructuring was to strengthen and empower the Company Board and simplify the governance of the Group's regulated entities, with governance driven from the Company level, and decisions taken closest to customers.

The BGL Board's, Audit, Risk and Remuneration Committees were disbanded, and these Committees were established by the Company. The role of the BGL Board is to act as the holding company portfolio manager and is complimentary to the role of the Company Board. The BGL Board continues to be responsible for setting the overall group strategy, with oversight of all subsidiaries within the Group.

In accordance with the Company's articles of association and terms of the relevant shareholder agreement that govern the rights of the shareholders of the Company, the Company Board gives due regard to the interests of all stakeholders when it exercises its powers.

There are regular meetings and online opportunities for employees, with the aim of sharing financial and non-financial information on matters of concern and of interest to them as employees. These meetings also give employees the opportunity to ask questions and make their views known so that the Company Board and Company Executive can take this dialogue into account when making decisions which are likely to affect their interests.

The Company conducts regular employee satisfaction and feedback surveys. The Company Board receives the results of the survey, which it considers to be a good indicator of employees' confidence in the Company's strategic direction. The Company Board is also regularly provided with updates on other measures of employee engagement and initiatives undertaken to improve employee relations.

The Company endeavours to provide equality of opportunity in recruiting, training, promoting and career development to all, irrespective of race, ethnicity, religion, sexual orientation, gender or age. The Company gives full consideration to applications for employment or appointment to the Company Board from a person with a disability, where such a person can adequately fulfil the requirements of the role and workplace adjustments can be made to facilitate this appointment.

Where existing employees become disabled it is the Company's policy, wherever practicable, to provide workplace adjustments to ensure continuing employment under normal terms and conditions, and to provide training and career development and promotion opportunities, wherever appropriate.

The Company operates a 'Speak Up' policy, also known as whistleblowing, to ensure that employees feel confident to raise any concerns about conduct which may be perceived to be unethical, unlawful and/or damaging to the Company, employees and customers. Both internal and external channels are offered so that any workplace concerns may be raised confidentially.

The size and diversity of the Company means that third-party suppliers range from multinational organisations to local businesses. The Company aims to ensure that arrangements with suppliers are fairly negotiated and provide optimum levels of service.

Compare The Market Limited

Year ended 30 June 2022

Strategic report

Section 172 (1) statement (continued)

The Company Board delegates the responsibility for day-to-day supplier management to individual business areas which are required to follow policies relating to the procurement of suppliers, approval and monitoring of contracts and the raising and authorisation of purchase orders. Together these policies assist the Company in meeting its business and strategic objectives and in balancing the needs of customers, employees, commercial partners and other stakeholders.

Making a positive difference for customers is at the core of the Company's purpose and values. To ensure that this is achieved whilst also complying with all applicable regulatory requirements, the Company provides training to all employees and frequently tests them on their knowledge.

The Company promotes a strong customer culture with a range of workstreams and projects continually focussed on improving customer experience and protecting vulnerable customers.

Where the principal decisions made by the Company during the year lead to new, or substantially amended, products and marketing activities, the impact on customers is formally reviewed by the Company Executive Directors. Customer satisfaction is monitored by using a variety of tools, including Trust Pilot and Bazaar Voice.

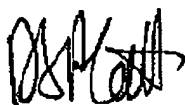
The Company Corporate Social Responsibility ("CSR") programme is fully aligned to the Company purpose 'we exist to make great financial decision making a breeze for everyone', with the ultimate aim to create opportunity through improved financial wellbeing in the UK. Through the dedicated CSR programme, the Company has developed a strong partnership with a financial education charity, MyBnk. The partnership empowers young people to take control of their financial future. Outside of the partnership, employees are encouraged to raise and donate funds in the aid of good causes. Employees can personalise their impact through Payroll Giving, Match Funding, community volunteering and skill share volunteering.

Reporting of the gender pay gap has been considered during the year at a Group level. The gender pay summary is published annually and a number of specific initiatives have successfully reduced the gap, including balanced hiring, implementation of the National Living Wage Foundation pay rates and constant review of benchmarking. The gender pay gap will be reported at a Company level going forwards.

The Company publishes a slavery and human trafficking statement for each financial year as required by the Modern Slavery Act 2015. The latest statement sets out the steps the Company has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.

As well as formal environment reporting, the Company also has CTM4Good, a colleague-driven initiative covering a range of issues, including reducing plastic use, energy efficiency and wildlife conservation around our sites. The Company's policies promote flexible working and aim to reduce unnecessary travel.

On behalf of the Board:



DJ Platt

Director

27 September 2022

Compare The Market Limited

Year ended 30 June 2022

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 30 June 2022.

Results, dividends and future developments

Details of the Company's results, dividends and future developments are set out in the Strategic report.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The financial position of the Company is disclosed on the Balance sheet on page 16.

The Directors have reviewed the budget and cash flow forecasts of the Company for the period to 30 September 2023 and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. This assessment is based on management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios.

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The Directors of the Company during the year and to the date of signature were:

AD Hewitt MBE
MM Bailie
TB Bolt (appointed 1 July 2021)
JIC Brown (resigned 30 September 2021)
TW Chambers (resigned 30 April 2022)
KH Chung (appointed 1 July 2021)
I Echave (appointed 1 July 2021, resigned 31 May 2022)
Lord JK Gadhia (appointed 1 July 2021)
R Hoskins (appointed 1 May 2022)
SD Keating (appointed 1 July 2021)
DJ Osborne
DJ Platt
M Raisbeck (appointed 1 June 2022)

Disclosure of information to auditor

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

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

Compare The Market Limited

Year ended 30 June 2022

Report of the Directors

Directors' indemnity provision

In accordance with the Company's Articles of Association, the Company has indemnified the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is still in place as at the date of this report.

Auditor

In accordance with section 487 of the Companies Act 2006, Ernst & Young LLP has been reappointed as the auditor for the year ended 30 June 2022.

Streamlined energy and carbon reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 require large companies to provide streamlined energy and carbon reporting (SECR) in their Financial Statements.

The Company is a qualifying subsidiary of BGL (Holdings) Limited and has taken the exemption, under Paragraph 20A, part 7A of Schedule 7 of the legislation to not disclose this information in the Company Financial Statements. The relevant disclosures are presented within the Group's Report of the Directors.


Events since the reporting date

In August 2022 the Competition Appeals Tribunal ("CAT") ruled that the £17.9m regulatory fine, issued by the Competition and Markets Authority ("CMA") in November 2020 in relation to the Compare The Market Limited's historic use of most favour nation clauses ("MFNs"), should be set aside. The CAT ruled there was no reliable evidence upon which the CMA may conclude that MFNs had an adverse effect on premiums or commissions. Legal proceedings have now concluded following the CAT's ruling.

The conditions which led to the CAT's ruling in August 2022 existed at the Balance sheet date and therefore the regulatory provision of £17.9m has been released in the year ended 30 June 2022. Further details of the regulatory provision can be found in note 17.

The Board of Directors are not aware of any other events after the reporting date requiring disclosure in these financial statements

On behalf of the Board:



DJ Platt

Director

27 September 2022

Compare The Market Limited

Year ended 30 June 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 a going concern basis, unless they consider that to be inappropriate.

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.

Compare The Market Limited

Year ended 30 June 2022

Independent auditor's report to the members of Compare The Market Limited

Opinion

We have audited the financial statements of Compare The Market Limited for the year ended 30 June 2022 which comprise the Profit and loss account, Statement of changes in equity, the Balance sheet, and the related notes 1 to 23, 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 30 June 2022 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 the period to 30 September 2023

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

Compare The Market Limited

Year ended 30 June 2022

Independent auditor's report to the members of Compare The Market Limited

Other information (continued)

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.

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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either 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.

Compare The Market Limited

Year ended 30 June 2022

Independent auditor's report to the members of Compare The Market Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to the UK Companies Act 2006 and UK tax legislation, and the financial reporting framework (UK GAAP).
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal compliance matters. We also reviewed minutes of the Board of directors; and gained an understanding of the company's approach to governance, demonstrated by the Boards approval of the governance framework.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address the risks identified by the entity, or that otherwise seek to prevent, detect or deter fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the company's methods of enforcing and monitoring compliance with such policies. Further, we performed audit procedures which included testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and unusual transactions.

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 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.

Ernst & Young LLP

Jonathan Bell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 September 2022

Compare The Market Limited**Year ended 30 June 2022****Profit and loss account**

	Note	2022 £m	2021 £m
Revenue	3	422.3	467.0
Operating expenses		(304.7)	(308.2)
Restructuring costs	4	-	(1.8)
Impairment loss	4	(20.3)	-
Operating profit	4	97.3	157.0
Finance income	5	9.4	7.0
Finance costs	6	(0.7)	(0.4)
Profit before taxation		106.0	163.6
Tax expense	7	(16.6)	(30.6)
Profit for the financial year		89.4	133.0

All amounts relate to continuing activities.

There are no other items of comprehensive income other than those included in the above Profit and loss account, accordingly profit for the financial year is also total comprehensive income for the year.

The notes from pages 17 to 35 form part of these financial statements.

Compare The Market Limited
Year ended 30 June 2022
Statement of changes in equity

	Note	Share capital	Retained earnings	Total equity
		£m	£m	£m
At 30 June 2020		35.0	233.3	268.3
Profit for the financial year		-	133.0	133.0
At 30 June 2021		35.0	366.3	401.3
Profit for the financial year		-	89.4	89.4
Dividends paid	18	-	(88.7)	(88.7)
At 30 June 2022		35.0	367.0	402.0

The notes from pages 17 to 35 form part of these financial statements.

Compare The Market Limited

Year ended 30 June 2022

Balance sheet

Company number 10636682

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Intangible assets	9	30.8	50.5
Property, plant and equipment	10	23.9	0.5
Deferred tax asset	11	-	0.1
Trade and other receivables	13	16.9	26.4
		71.6	77.5
Current assets			
Inventories	12	0.3	0.2
Trade and other receivables	13	394.2	383.1
Cash and cash equivalents	14	3.8	-
		398.3	383.3
Total assets		469.9	460.8
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	15	39.2	30.7
Lease liabilities	16	2.1	-
Provisions for liabilities	17	6.0	25.5
		47.3	56.2
Non-current liabilities			
Trade and other payables	15	2.0	-
Lease liabilities	16	13.7	-
Provisions for liabilities	17	4.9	3.3
		20.6	3.3
Total liabilities		67.9	59.5
Equity			
Share capital	19	35.0	35.0
Retained earnings		367.0	366.3
Total equity		402.0	401.3
Total equity and liabilities		469.9	460.8

The financial statements were approved by the Directors on 27 September 2022 and signed by:



DJ Platt

Director

The notes from pages 17 to 35 form part of these financial statements.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

1. Accounting policies

The Company's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out below. Accounting policies have been applied consistently to all periods presented in these financial statements.

Basis of preparation

The Company, a private limited company incorporated and domiciled in England and Wales, has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries of BGL Group;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel.

BGL (Holdings) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of BGL (Holdings) Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and, as they include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements are stated in sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these financial statements are rounded to the nearest £0.1m.

The financial statements have been prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis.

The Directors have reviewed the budget and cash flow forecasts of the Company for the period to 30 September 2023 and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. This assessment is based on management's analysis of liquidity, stress testing and sensitivity analysis which considers a number of downside scenarios.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

1. Accounting policies (continued)

As at 30 June 2022, the Company has net assets of £402.0m (2021: £401.3m), and net current assets of £351.0m (2021: £327.1m).

Foreign exchange

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the Profit and loss account.

Monetary assets and liabilities denominated in foreign currencies, are translated at the year end exchange rate, with all gains and losses being recognised in the Profit and loss account.

Financial instruments

All assets and liabilities, with the exception of intangible assets, property, plant and equipment, deferred tax, inventories, prepayments, corporation tax and deferred income are financial instruments.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company initially recognises financial instruments on the date that they are originated.

Financial liabilities measured at amortised cost

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value.

Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts and currency swaps to hedge its risks associated with foreign currency. Derivative financial instruments are recognised at fair value through the Profit and loss account with the gain or loss on remeasurement to fair value is recognised immediately. The Company does not use the hedge accounting option within IFRS.

Revenue from contracts with customers

Revenue recognition is at provision of lead where revenue can be reliably estimated and the business has no further outstanding performance obligations, otherwise recognition is at point of confirmation of sale.

Where the Company has post-sale obligations which are not sufficiently covered by future revenue, revenue is allocated to performance obligations on a relative fair value basis. The element relating to post-sale obligations is deferred and recognised in the periods in which these activities take place. None of these obligations exceed 12 months from the date of initial recognition.

Advertising costs

Costs associated with the production of adverts are expensed only once the advert is available to the Company in a format ready for use, having been approved for airing or displaying. The cost of airing or displaying the advert is taken as an expense in the year in which the advert is aired or displayed.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

1. Accounting policies (continued)

Taxation

Current tax

The current tax expense is the expected tax payable based on the taxable profits for the year, after any adjustments in respect of prior years. The rates enacted or substantively enacted at the reporting date are used to determine the current tax.

Deferred tax

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is regarded as more likely than not that they will be recovered in the foreseeable future. Deferred tax assets and liabilities are not discounted.

The rates enacted or substantively enacted at the reporting date are used to determine the deferred tax.

Intangible assets

Software development

Acquired computer software licences are capitalised on the basis of costs to acquire and bring into use the specific software. These costs are amortised using the straight-line method over their expected useful life of 3-5 years.

Costs that are directly attributable to the production of identifiable software products controlled by the Company, where it is probable that the future economic benefits exceed the costs, are recognised as intangible assets. These include staff costs directly attributable to development of intangible assets. These costs are amortised using the straight-line method over their expected useful life of 3-5 years.

Development expenditure on websites, where future economic benefits are probable, are capitalised as intangible assets to the extent that they relate to application and infrastructure development, graphical design and content development prior to operation. Website costs that are recognised as intangible assets are amortised using the straight-line method over their expected useful life of 3-5 years and are included with operating expenses within the Profit and loss account.

Where the above requirements cannot be met, costs are expensed.

Impairment

Intangible assets are reviewed for impairment losses annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

1. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is included in the Balance sheet at cost less accumulated depreciation and impairment.

Depreciation is provided to write off the cost less estimated residual values of all property, plant and equipment evenly over their expected useful economic lives. It is calculated at the following rates:

Buildings and right-of-use assets	4% per annum or over the term of lease
Leasehold improvements	Over the term of lease
Fixtures and fittings	Over the term of lease or minimum of 10% per annum
Office equipment	10-20% per annum
Computer equipment	10-25% per annum

Depreciation is not provided for assets under construction, which are stated at cost.

Impairment reviews are carried out by the Company on a regular basis, at least annually. If the carrying value of an asset is greater than the recoverable amount, the carrying value is reduced through an impairment charge recognised in the Profit and loss.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less costs to sell.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequently to initial recognition they are measured at amortised cost using the effective interest method, less any impairment for losses.

Doubtful receivables

Loss allowances for expected credit losses ('ECLs') are recognised on financial assets measured at amortised cost. Loss allowances for trade receivables and other receivables are measured at an amount equal to lifetime ECLs.

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with less than 90 days' maturity from the date of acquisition.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequently to initial recognition they are measured at fair value.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

1. Accounting policies (continued)

Lease liabilities

Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration the Company recognises a lease liability at contract inception, except for short-term leases or leases of low value assets, which are recognised as an expense on a straight-line basis or another systematic basis.

Company as a lessee

Leases are recognised as a liability at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

The Company uses its incremental borrowing rate at the lease commencement to calculate the present value of lease payments. The incremental borrowing rate applied to each lease is determined by taking into account the risk-free rate, adjusted for factors such as term of the underlying lease arrangement. The weighted average borrowing rate applied, which is equal to the average incremental rate of borrowing, is 1.85%.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of the lease liabilities is subsequently remeasured if there is a modification to the underlying leasing arrangement.

The Company's lease liabilities are presented separately on the Balance sheet and in note 16.

Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision for insurer clawback of commission

The Company recognises a provision for insurer clawback of commission following the lapse of life insurance policies previously recognised as income. The key assumption in this accounting estimate is the future lapse rate.

Restructuring provision

The provision relates to restructuring activities within the Company, relating to the implementation of a revised operating model. The restructuring plans were drawn up and announced in 2021 when the provision was recognised in the financial statements. The restructuring has been completed in 2022.

Regulatory provision

The Company recognises a provision in respect of regulatory matters. The provision represents the Directors' current best estimate of liabilities that may arise.

Dilapidations provision

The Company recognises a provision for the estimated costs for dilapidations for wear and tear that may become payable under the terms of current leasehold property contracts at the end of the lease. The present value of these costs are included within the cost of the associated right-of-use asset upon initial recognition and unwound.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

1. Accounting policies (continued)

Onerous contract provision

The Company recognises an onerous contract provision where the obligations under a contract exceed the economic benefits expected to be received from it. The provision is calculated as the lower of the expected cash outflow over the contract life and the cost to exit the contract. The key assumptions in the determination of the value of the provision are the expected future cash flows and the discount rate used to calculate the present value of those cash flows.

Dividends

Dividends on equity instruments are recognised when they become legally payable.

Future developments

The Company has assessed the impact of upcoming accounting standard changes, and none are expected to cause any material adjustments to the financial statements.

2. Significant judgements and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements.

Accrued income

Revenue is recognised during the period in which a lead is provided and can be reliably estimated, and where the business has no further outstanding performance obligations. Where an invoice is not received by the Balance sheet date, income is accrued in the Balance sheet. The key assumption made by management in the determination of the value of this accrual is the expected sales value. The accrual held on the Balance sheet at the year end was £71.6m (2021: £81.5m).

Impairment of intangible assets

The Company has recognised intangible assets as a result of investment in software development. The total value of these intangible assets at the Balance sheet date is £30.8m (2021: £50.5m). The value of these assets is expected to be recovered through value in use and the recoverability of these assets at each Balance sheet date is assessed with reference to the cash flows associated with the relevant cash generating unit ("CGU").

Various assumptions around discount rates, growth rates and future cash flows have been made by management in assessing the recoverability of intangible assets which may differ from actual results and could lead to an impairment.

Clawback provisions

Provisions are made in the Balance sheet for the expected level of cancellations in relation to life insurance policies on which the Company has earned commission. The key assumption made by management in the determination of the value of this provision is the expected future lapse rates. The provision held in the Balance sheet at the year end was £9.4m (2021: £9.1m).

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

3. Revenue from contracts with customers

(i) Disaggregation of revenue

	2022 £m	2021 £m
Price comparison	418.8	465.0
Other	3.5	2.0
	422.3	467.0

Price comparison revenue is wholly attributable to the principal activity of the Company and arises within the United Kingdom. Performance obligations are satisfied upon the introduction of customers to new deals with payment generally due within 30 to 60 days from the date of introduction.

Fees of £2.1m (2021: £1.5m) included in other income arise from a related party in Australia. Other income includes £1.4m (2021: £0.5m) of income relating to UK research and development tax credits which are outside the scope of IFRS 15.

Included within revenue is £2.4m (2021: £nil) where the Company's performance obligations are completed within the current financial year but the total variable consideration is contingent on future events outside of the control of the Company. Management has estimated this consideration by using historic data informed by expected market conditions to forecast future cash flows. The variable consideration recognised is subject to constraint until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur in future periods.

(ii) Contract balances

The following tables provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

The following table shows the contract assets balance:

	2022 £m	2021 £m
Value at start of the year	81.5	67.5
Revenue recognised	411.2	437.1
Transferred to receivables	(420.5)	(423.0)
Loss allowance	(0.6)	(0.1)
Value at the end of the year	71.6	81.5

Contract assets consists entirely of accrued income. The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, meaning only the passage of time is required before payment of consideration is due.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

3. Revenue from contracts with customers (continued)

The following table shows the contract liabilities balance:

	2022 £m	2021 £m
Value at start of year	0.1	0.3
Recognised in revenue	(0.1)	(0.3)
Contract liabilities recognised	0.2	0.1
Value at the end of the year	0.2	0.1

Contract liabilities consists entirely of deferred income. The amount of revenue recognised in 2022 from performance obligations satisfied (or partially satisfied) in previous periods is £0.9m (2021: £nil).

Refund liabilities ('Clawback provisions') are recognised in relation to life insurance policies on which the Company has earned commission. Movements in refund liabilities are presented in note 17.

4. Operating profit

Operating profit is stated after charging the following:

	2022 £m	2021 £m
Amortisation of intangible assets	15.8	13.1
Auditor's fees - fees for the audit of the Company	0.1	0.1
Depreciation of property, plant and equipment	4.7	0.4
Foreign exchange (gains) / losses	(1.2)	0.1
Impairment of intangible assets	20.3	3.8
Impairment of trade and other receivables	5.2	0.1
Impairment of accrued income	0.6	-
Restructuring costs	-	1.8

The launch of the Company's new operating model resulted in the de-prioritisation of certain initiatives and pivoting away from certain technologies and tools. Consequently, an impairment loss of £20.3m relating to software development intangible assets has been recorded in the year ended 30 June 2022. In the prior year impairment losses of £3.8m were incurred during the ordinary course of business and have been included within operating expenses within the Profit and loss account.

Restructuring costs of £1.8m included in the year ended 30 June 2021 relate to restructuring activities to implement a revised business operating model. These costs primarily comprised of redundancy costs.

Also included within Operating profit is the release of a regulatory provision of £17.9m. Further details of the regulatory provision can be found in note 1732.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

5. Finance income

	2022 £m	2021 £m
Interest receivable from Group undertakings	8.8	6.7
Other finance income	0.6	0.3
	9.4	7.0

6. Finance costs

	2022 £m	2021 £m
Other finance costs	0.7	0.4
	0.7	0.4

7. Tax expense

	2022 £m	2021 £m
Current tax		
UK corporation tax charge	16.1	30.6
Total tax expense	16.1	30.6
Deferred tax		
Charge to profit and loss account	0.5	-
Total deferred tax	0.5	-
Total tax expense	16.6	30.6

The weighted average rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2021: 19%). The actual tax charge for the current year and the previous year differs from the weighted average rate for the reasons set out in the following reconciliation:

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

7. Tax expense (continued)

	2022 £m	2021 £m
Profit for the financial year	89.4	133.0
Total tax expense	16.6	30.6
Profit before taxation	106.0	163.6
Tax at the standard corporate tax rate of 19% (2021: 19%)	20.1	31.1
Effects of:		
Expenses not deductible for tax purposes	(3.4)	-
Income not taxable	-	(0.5)
Other movements	(0.1)	-
Total tax expense	16.6	30.6

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was enacted on 24 May 2021. On 23 September 2022 the Chancellor of the Exchequer announced that the government has cancelled this planned increase and the rate will remain at 19%. The deferred tax liability at 30 June 2022 has been calculated at 19% (2021: 19%), reflecting the expected timing of reversal of the related timing differences.

8. Employees

The Group completed the restructuring programmes commenced in the prior year, relating to the devolution of certain management services provided by BGL Group Limited to its subsidiaries. This means provision of employees are provided to the Company by BGL Group Limited, which holds the contracts of service of employees, and which raises a management charge in respect of these services.

Although the Company did not directly employ any staff during the year, following the restructure the employees are now wholly dedicated to the service of the Company. Consequently monthly average employee numbers and costs are disclosed from 1 July 2021 below.

	2022 Number
Management, operational, technology and admin support	706
	706

The aggregate remuneration comprised:

	2022 £m
Wages and salaries	52.5
Social security costs	5.5
Pension costs	5.3
	63.3

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

9. Intangible assets

	Software development	Software development in progress	Total
	£m	£m	£m
Cost			
At 30 June 2020	41.1	22.9	64.0
Additions	-	26.3	26.3
Transfers	14.6	(14.6)	-
Disposals	(2.9)	-	(2.9)
At 30 June 2021	52.8	34.6	87.4
Additions	-	16.4	16.4
Transfers	26.8	(26.8)	-
Disposals	(15.4)	(14.5)	(29.9)
At 30 June 2022	64.2	9.7	73.9
Accumulated amortisation			
At 30 June 2020	22.9	-	22.9
Charge for the year	13.1	-	13.1
Impairment	2.6	1.2	3.8
Disposals	(2.9)	-	(2.9)
At 30 June 2021	35.7	1.2	36.9
Charge for the year	15.8	-	15.8
Impairment	7.0	13.3	20.3
Disposals	(15.4)	(14.5)	(29.9)
At 30 June 2022	43.1	-	43.1
Net book value			
At 30 June 2022	21.1	9.7	30.8
At 30 June 2021	17.1	33.4	50.5

The launch of the Company's new operating model resulted in the de-prioritisation of certain initiatives and pivoting away from certain technologies and tools. Consequently, an impairment loss of £20.3m relating to software development intangible assets has been recorded in the year ended 30 June 2022. In the prior year impairment losses of £3.8m were incurred during the ordinary course of business.

There are no commitments to purchase intangible assets at the reporting date (2021: £nil).

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

10. Property, plant and equipment

	Right-of-use assets £m	Fixtures and fittings £m	Office equipment £m	Computer equipment £m	Total £m
Cost					
At 1 July 2020	-	-	-	1.8	1.8
Additions	-	-	-	0.3	0.3
Disposals	-	-	-	(0.2)	(0.2)
At 30 June 2021	-	-	-	1.9	1.9
Additions	18.6	3.3	2.1	4.1	28.1
Disposals	-	-	(0.1)	(0.2)	(0.3)
At 30 June 2022	18.6	3.3	2.0	5.8	29.7
Accumulated depreciation					
At 1 July 2020	-	-	-	1.1	1.1
Charge for the year	-	-	-	0.4	0.4
Disposals	-	-	-	(0.1)	(0.1)
At 30 June 2021	-	-	-	1.4	1.4
Charge for the year	2.3	0.6	0.6	1.2	4.7
Impairment	-	-	-	-	-
Disposals	-	-	(0.1)	(0.2)	(0.3)
At 30 June 2022	2.3	0.6	0.5	2.4	5.8
Net book value					
At 30 June 2022	16.3	2.7	1.5	3.4	23.9
At 30 June 2021	-	-	-	0.5	0.5

Details of the leases liabilities associated with the right-of-use assets disclosed above are disclosed in note 16.

On 1 July 2021 leases for two offices, which were previously held by a fellow Group company, were transferred to the Company. As a result the Company recognised right-of-use assets of £18.6m. Concurrently £9.5m of other assets previously held by a fellow Group company were transferred to the Company.

There are no capital commitments for the Company at the reporting date (2021: £nil).

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

11. Deferred tax

	2022 £m	2021 £m
<i>Property, plant and equipment:</i>		
Deferred tax asset	-	0.1
Deferred tax (liability)	(0.4)	-
Deferred tax (liability) / asset	(0.4)	0.1

Deferred tax liabilities are included within non-current trade and other payables on the Balance sheet as shown in note 15. Details of movement in deferred tax are show below:

	Property, plant and equipment £m
At 30 June 2020 and 30 June 2021	0.1
Movement in the year	(0.5)
At 30 June 2022	(0.4)

12. Inventories

	2022 £m	2021 £m
Finished goods	0.3	0.2
	0.3	0.2

Finished goods relates to inventory held for customer reward schemes. During the year, costs of £2.3m (2021: £8.5m) were recognised in operating expenses as goods were dispatched. A provision of £0.6m (2021: £0.6m) is recognised against inventory.

13. Trade and other receivables

	2022 £m	2021 £m
Current		
Trade receivables	11.1	7.4
Amounts due from Group undertakings	318.6	315.0
Accrued income	54.7	55.2
Prepayments	7.3	5.0
Corporation tax receivable	1.3	0.5
Financial assets	1.2	-
	394.2	383.1

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

13. Trade and other receivables (continued)

	2022 £m	2021 £m
Non-current		
Accrued income	16.9	26.3
Prepayments	-	0.1
	16.9	26.4

At 30 June 2022 Compare The Market Limited held a bad debt provision of £5.2m (2021: £0.1m) in relation to an impairment of trade receivables and £0.6m (2021: £nil) in relation to an impairment of accrued income.

At 30 June 2022 the Company had commitments to purchase foreign currency totalling USD 15.0m (2021: USD nil) via forward contracts held by a fellow Group company. The last of these commitments matures in December 2024 and an asset of £1.2m (2021: £nil) is held on the Balance sheet relating to the financial assets which arise from the forward contracts.

14. Cash and cash equivalents

	2022 £m	2021 £m
Cash and cash equivalents	3.8	-
	3.8	-

15. Trade and other payables

	2022 £m	2021 £m
Current		
Trade payables	2.7	3.8
Accruals and deferred income	32.0	25.8
Other payables	4.5	1.1
	39.2	30.7
Non-current		
Accruals and deferred income	1.6	-
Deferred tax liabilities	0.4	-
	2.0	-

Further details regarding the deferred tax liabilities of £0.4m (2021: asset of £0.1m) are disclosed in note 11.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

16. Lease liabilities

The Company entered into two lease agreements for two office buildings during the period. The leases were previously held by a fellow Group company with cost being incurred by the Company via a management recharge. As part of a Group wide restructure the leases were assigned to the Company in July 2021.

Leases of land and buildings have lease terms between 5 to 7 years, with an option to renew the lease after the expiry date. Lease expiry dates range from February 2027 to December 2031. One lease has exercisable break clause in December 2026. The Company's leases are subject to rent reviews in accordance with the terms of the lease.

- 'Property, plant and equipment' includes leased assets that do not meet the definition of investment property. Additions, depreciation and carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset is disclosed in note 10.
- Provisions for dilapidations which are included in the carrying amount of right-of-use assets are disclosed in note 17.
- Expense recognised in relation to short-term and low-value leases are £nil (2021: £nil).

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed payments as set out within the underlying contract.

The table below summarises the maturity profile of the Company's lease liabilities:

	2022 £m	2021 £m
Lease liabilities maturing in less than one year	2.1	-
Current lease liabilities	2.1	-
Lease liabilities maturing in one to five years	8.3	-
Lease liabilities maturing in more than five years	5.4	-
Non-current lease liabilities	13.7	-
Total lease liabilities	15.8	-

The table below summarises the movement the Company's lease liabilities:

	2022 £m	2021 £m
Lease liability at 1 July	-	-
Additions	17.9	-
Interest	0.4	-
Payments	(2.5)	-
Lease liability at 30 June	15.8	-

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

17. Provisions for liabilities

	Clawback provisions £m	Restructuring provision £m	Regulatory provision £m	Other provisions £m	Total £m
At 30 June 2021	9.1	1.8	17.9	-	28.8
Increase in provision	6.8	-	-	1.5	8.3
Utilisation	(6.2)	(1.8)	-	-	(8.0)
Unwinding of discounting	(0.3)	-	-	-	(0.3)
Release of provision	-	-	(17.9)	-	(17.9)
At 30 June 2022	9.4	-	-	1.5	10.9
Current provisions	5.6	-	-	0.4	6.0
Non-current provisions	3.8	-	-	1.1	4.9
At 30 June 2022	9.4	-	-	1.5	10.9

The Company provides for an estimate of the insurer or partner clawback of commission following the lapse of life insurance policies previously recognised as income. The key assumption in this accounting estimate is the future lapse rate.

A provision was previously recognised in respect of a restructuring programme commenced during prior year to implement a revised business operating model. The restructuring has been completed in the year ending 30 June 2022.

In November 2020, the Competition and Markets Authority ('CMA') announced its decision that the historic use by the Company of the wide most favoured nation clause broke competition law. The CMA imposed a financial penalty of £17.9m on the Company for the infringement and a provision for this amount was recognised on the Balance sheet. The Company did not recognise the analysis of the home insurance market and fundamentally disagreed with the CMA's findings and appealed to the Competition Appeal Tribunal ('CAT').

In August 2022 the Competition Appeals Tribunal ("CAT") ruled that the £17.9m regulatory fine, issued by the Competition and Markets Authority ("CMA") in November 2020 in relation to the Compare The Market Limited's historic use of most favour nation clauses ("MFNs"), should be set aside. The CAT ruled there was no reliable evidence upon which the CMA may conclude that MFNs had an adverse effect on premiums or commissions. Legal proceedings have now concluded following the CAT's ruling and the release of the regulatory provision of £17.9m has been recognised within Operating expenses.

Other provisions include £0.8m (2021: £nil) recognised for the estimated costs of dilapidations that may become payable under the terms of leasehold property contracts at the end of the lease. The costs have been accrued at the inception of the lease and are reassessed each year.

Also included within other provisions is £0.7m (2021: £nil) provided in respect of an onerous contract where the obligations under the contract exceed the economic benefits expected to be received from it. The provision is calculated as the lower of the expected cash outflow over the contract life and the cost to exist contract. The key assumptions in the determination of the value of this provision are the expected future cash flows and the discount rate used to calculate the present value of those cash flows.

The Directors are of the opinion that the carrying value of the provisions held reflect their fair value.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

18. Dividends

	2022 £m	2021 £m
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Interim dividend for 2022 (£2.53 per share)	88.7	-
	<u>88.7</u>	<u>-</u>

19. Share capital

	2022 m	2021 m
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	35.0	35.0

The Company has one class of ordinary shares all of which carry equal voting and dividend rights.

20. Contingent liabilities

The Group has access to substantial committed debt facilities comprising an unsecured £175.0m (2021: £175.0m) revolving credit facility maturing June 2024, an unsecured £100.0m (2021: £100.0m) term loan maturing June 2024, and a £50.0m (2021: £50.0m) seven year fixed rate senior note with a bullet maturity date of April 2025. Under the terms of these facilities, BGL (Holdings) Limited, BGL Group Limited and Compare the Market Limited, provide a joint and several guarantee. At 30 June 2022 the drawn balance under these facilities, and therefore the maximum exposure to this contingent liability was £150.0m (2021: £150.0m).

The Company has joint and several liability under the group VAT registration and joint liability under the Group payment arrangement in relation to corporation tax.

The Company is involved in a certain number of proceedings and litigation cases during the normal course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. A liability is accrued only if an adverse outcome is probable and the amount of the future loss can be reasonably estimated.

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

21. Related party transactions

The Company has taken the exemption available under paragraph 8(k) FRS 101 from the disclosure requirements of IAS 24 in relation to entities which are wholly owned members of the same group.

Transactions between the company and other related parties are disclosed below:

	2022 £m	2021 £m
<i>Royalty income</i>		
Compare The Market Pty Ltd	2.1	1.5
	2.1	1.5

Key management emoluments and Directors' interests

The Company did not directly employ any staff during the year. Directors and key management personnel are employed by BGL Group Limited. The proportion of the remuneration which relates to the Company in the current year is shown below.

Key management emoluments (including Directors)	2022 £m	2021 £m
Short-term employee benefits	1.2	0.9
Compensation for loss of office and related costs	0.3	-
	1.5	0.9

Directors' emoluments	2022 £m	2021 £m
Short term employee benefits	1.2	0.9
Compensation for loss of office and related costs	0.3	-
	1.5	0.9

Highest paid director	2022 £m	2021 £m
Short-term employee benefits	0.4	0.5
	0.4	0.5

Compare The Market Limited

Year ended 30 June 2022

Notes forming part of the financial statements

22. Events after the reporting date

In August 2022 the Competition Appeals Tribunal ("CAT") ruled that the £17.9m regulatory fine, issued by the Competition and Markets Authority ("CMA") in November 2020 in relation to the Compare The Market Limited's historic use of most favour nation clauses ("MFNs"), should be set aside. The CAT ruled there was no reliable evidence upon which the CMA may conclude that MFNs had an adverse effect on premiums or commissions. Legal proceedings have now concluded following the CAT's ruling.

The conditions which led to the CAT's ruling in August 2022 existed at the Balance sheet date and therefore the regulatory provision of £17.9m has been released in the year ended 30 June 2022. Further details of the regulatory provision can be found in note 17.

The Board of Directors are not aware of any other events after the reporting date requiring disclosure in these financial statements.

23. Ultimate and immediate parent company

The immediate parent company is BGL Group Limited which is incorporated in the United Kingdom.

The Company's ultimate parent undertaking and ultimate controlling party is BHL Holdings Limited.

The largest group in which the results of the Company are consolidated is that headed by BHL (UK) Holdings Limited. The smallest group in which they are consolidated is that headed by BGL (Holdings) Limited.

The consolidated financial statements of BHL (UK) Holdings Limited can be obtained from BHL (UK) Holdings Limited, Bath House, 16 Bath Row, Stamford, PE9 2QU. The consolidated financial statements of BGL (Holdings) Limited can be obtained from BGL (Holdings) Limited, Pegasus House, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS.