

ZEPHYR HOLDCO LIMITED

Registered number: 11345273

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED 31 DECEMBER 2020



Company information

Directors

Simon Patterson
Audinga Besuspanyte

Registered number

11345273

Registered office

Zephyr Holdco Limited
The Cooperage
5 Copper Row
London
SE1 2LH

Independent auditor

Deloitte LLP
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Strategic report

For the period ended 31 December 2020

The Directors present their Strategic report of Zephyr Holdco Limited ("the Company") for the 3 months to 31 December 2020. Previously, the financial statements were prepared for the year ended 30 September 2020. The 3 month accounting period arises from a change to the Company's accounting reference date.

This Strategic report has been prepared to provide shareholders of the Company with additional information to assess the Company's strategies and the potential for those strategies to succeed. The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activity of the Company was to act as an intermediate holding company for a group that operates online property portals and household comparison websites as well as providing residential property software and data analytics. The Group's trading results are consolidated by Zephyr Midco 2 Limited, an indirect subsidiary which the Company directly controls.

Business and finance review

The Company has not traded during the period or during the year ended 30 September 2020. The Company incurred shared based payment charge of £34.8m (year ended 30 September 2020: £nil) in the period, and loss before tax of £34.8m (year ended 30 September 2020: £nil).

During the period, the Company entered into an agreement with a related party. The agreement provides an option for the related party to purchase a fixed number of shares for a fixed price in the Company's direct subsidiary. The latest period when the option can be exercised is November 2022.

Key performance indicators (KPIs)

As the Company does not trade there are no KPIs. The value of the Company's investments is closely monitored and assessed for any impairment.

Statement by the directors in performance of their statutory duties in accordance with section 172 Companies Act 2006

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the company's employees;
- The need to foster the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

The board of directors of Zephyr Holdco Limited consider both, individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out above) in the decisions taken during the period ended 31 December 2020.

Risk management, internal control and principal risks

The Company is exposed to a number of financial risks. Full details of the Group's risk management structure can be found in the Zephyr Midco 2 Limited financial statements for the 3 months ended 31 December 2020.

Strategic report (continued)

For the period ended 31 December 2020

Macroeconomic conditions - Withdrawal from the European Union

The result of the UK's EU referendum in 2016 increased the level of macroeconomic uncertainty, increasing the likelihood of the impacts outlined under "macroeconomic conditions" stated in the Strategic report of Zephyr Midco 2 Limited for the 3 months ended 31 December 2020.

The UK formally exited the EU on 31 January 2020, however the new trade deal between the UK and the EU came into effect on 31 December 2020. The longer-term effects on the Group of the UK's withdrawal are still being quantified however, consistent with September 2020 the Directors believe that the Group's multi-channel, multi-brand strategy creates a diverse revenue base which means it is well placed to mitigate any negative impacts resulting from the UK's withdrawal from the European Union. In particular:

- the increasingly diversified market position resulting from the Company's acquisitions;
- the customer base of the Company is UK centric and is therefore less impacted by the withdrawal from the European Union;
- the Property division is largely subscription based and is therefore less susceptible to short-term shocks or variations in the property market or wider economy;
- a large proportion of Property partners are engaged in both sales and lettings, which reduces the risk of any downturn in the property market on their businesses;
- an economic downturn increases the propensity for consumers to search Comparison platforms for the best deals to save money on their household expenses;
- a weaker Pound Sterling may lead to higher price inflation in areas such as energy bills, which may benefit the Comparison division; and
- an impact on house prices could improve current affordability pressures providing a positive impact on revenue streams.

Covid-19 pandemic

At the date of approval of the annual report and financial statements there remains uncertainty in relation to the future impact that the Covid-19 pandemic will have on the global economy, and on the Group as a consequence. There have, however, been recent positive developments regarding the success of the UK vaccine rollout and its effectiveness against new variants of the virus, with the resulting easing of government-imposed restrictions beginning to generate increased levels of confidence throughout the wider economy. Nevertheless, it remains the Directors' considered view is that principal risk of the Covid-19 pandemic crisis to the Group is that some customers stop, or delay payments.

Overall, the Group's performance has been resilient throughout the pandemic to date, albeit the Directors have taken precautionary measures to conserve cash resources where possible. Additionally, the Directors have a range of further mitigating actions that can be taken in order to both maintain the Group's operating capabilities and to enable it to meet its future liabilities as they fall due.

The Group has utilised government business support schemes during the period including VAT deferral and Furlough schemes (see note 6 of the financial statements of Zephyr Midco 2 Limited for the 3 months ended 31 December 2020 for further details). Business continuity plans are in place, with measure to manage employee absences, the efficiency of the Company's operations and the ability for home working. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common-sense precautions with a view to ensuring the wellbeing of colleagues.

Whilst the pandemic has had an impact on the Group's financial performance, this was primarily due to a strategic decision made to invest in its customers through the free of charge contracts. There has been no change in the Group's business model, underlying operations or overall strategy as a result of Covid-19 and the Directors remain assured of the Group's strong financial position and prospects. The potential impacts of the Covid-19 pandemic crisis are set out in more detail in the Going concern section of the Director's report.

Changes in the period

No other material changes to the business have been identified in the period.

The Directors are satisfied that the Company has identified sufficient actions that seek to manage, rather than eliminate risk, so as to provide reasonable mitigation against material misstatement or loss within the business.

The Strategic report is approved by the Board of Directors ("Board") on 27 September 2021 and signed on behalf of the Board by



Simon Patterson (Sep 28, 2021 12:57 GMT+1)

Director
Simon Patterson

Directors' report

For the period ended 31 December 2020

The Directors present their report of Zephyr Holdco Limited ("Holdco" or "the Company") for the 3 months ended 31 December 2020 ("December 2020"). Previously, the financial statements were prepared for the year ended 30 September 2020. The 3 month accounting period arises from a change to the Company's accounting reference date in order to align with its parent company.

Principal activities

The principal activity of the Company was to act as an intermediate holding company for a Group that operates online property portals and household comparison websites as well as providing residential property software and data analytics.

Directors

The Directors who held office during the period and up to the date of signing these financial statements were as follows:

- Simon Patterson
- John Sutton – Resigned on 30 November 2020
- Audinga Besusparyte

Directors' indemnities and insurance

In accordance with the Companies Act 2006 and the Company's Articles, the Company has purchased and maintains Directors' and officers' liability insurance cover, which remains in place as at the date of this report. A review is carried out on an annual basis to ensure that the Board remains satisfied that an appropriate level of cover is in place.

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company or any of its subsidiaries.

Charitable contributions

During the period to 31 December 2020 the Company made no charitable or political donations (year ended 30 September 2020: £nil).

Results and dividends

The Company has not traded during the period or during the prior year. The Company incurred shared based payment charge of £34.8m (30 September 2020: £nil) in the period, and loss before tax of £34.8m (30 September 2020: £nil).

The Directors do not recommend a final dividend in respect of the period ended 31 December 2020 (year ended 30 September 2020: £nil).

Going Concern

The Company acts as an intermediate holding company for a Group that operates online property portals and household comparison websites as well as providing residential property software and data analytics. The Group's trading results are consolidated by Zephyr Midco 2 Limited, an indirect subsidiary which the Company directly controls. The Company itself does not trade and therefore relies on the assessment of going concern on its subsidiary Zephyr Midco 2 Ltd. Details of this assessment can be found in the Zephyr Midco 2 consolidated financial statements available from the address listed in Note 1 to the financial statements.

Overall, the Directors have a reasonable expectation that the Company and the Group it controls 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 financial statements.

Subsequent events

Details of significant subsequent events since the Statement of financial position date are included in Note 6 to the financial statements.

Directors' report (continued)

For the period ended 31 December 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 of the Company for that period. In preparing the financial statements, the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to the auditor

Each of the Directors at the date of this report confirms that:


- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the reasonable steps that he / she ought to have taken as a Director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. Pursuant to section 485 of the 2006 Companies Act Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be proposed for re-appointment as auditor in the absence of an Annual General Meeting.

Small companies' exemption

The Company qualifies as a small company under sections 382 and 383 of the Companies Act 2006 and has therefore taken the exemptions available in respect of the preparation of the Directors' Report and the Strategic Report.

The Directors' report is approved by the Board of Directors on 27 September 2021 and signed on behalf of the Board by


Simon Patterson (Sep 28, 2021 12:57 GMT+1)

Director
Simon Patterson

Independent auditor's report to the members of Zephyr Holdco Limited

For the period ended 31 December 2020

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Zephyr Holdco Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Independent auditor's report to the members of Zephyr Holdco Limited

(continued)

For the period ended 31 December 2020

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, HMRC tax legislation, and General Data Protection Regulations ("GDPR"); and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- the valuation of the share-based payment arrangement entered into with a related party: we engaged internal valuation and financial instrument specialists, assessed the valuation methodologies applied and assessed each of the individual inputs into the models.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Zephyr Holdco Limited

(continued)

For the period ended 31 December 2020

Report on other legal and regulatory requirements

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 directors' report for the financial period 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.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

Jim Brown

Jim Brown (Sep 28, 2021 13:02 GMT+1)

Jim Brown (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
27 September 2021

Statement of comprehensive income

For the period ended 31 December 2020


	Notes	3 months to December 2020 £000	12 months to September 2020 £000
Administrative expenses	4	(34,835)	-
Loss before tax	2	(34,835)	-
Income tax		-	-
Loss after tax		(34,835)	-
Other comprehensive income		-	-
Total comprehensive loss		(34,835)	-

Statement of financial position

As at 31 December 2020

	Notes	December 2020 £000	September 2020 £000
Assets			
Non-current assets			
Investments in subsidiaries	3	1,425,222	1,425,141
Total assets		1,425,222	1,425,141
Equity			
Share capital	5	1,424,600	1,424,600
Other reserves		35,457	541
Retained earnings		(34,835)	-
Total equity		1,425,222	1,425,141

The financial statements of Zephyr Holdco Limited (company number 11346641) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:


Simon Patterson (Sep 28, 2021 12:57 GMT+1)

Simon Patterson
Director
27 September 2021

Statement of changes in equity

For the period ended 31 December 2020

	Note	Share capital £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 October 2020		1,424,600	541	-	1,425,141
Total comprehensive loss for the period		-	-	(34,835)	(34,835)
Share-based payments charges	2	-	34,916	-	34,916
At 31 December 2020		1,424,600	35,457	(34,835)	1,425,222

	Note	Share capital £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 October 2019		1,424,600	218	-	1,424,818
Share-based payments charges	2	-	323	-	323
At 30 September 2020		1,424,600	541	-	1,425,141

Notes to the financial statements

For the period ended 31 December 2020

1. Accounting policies

Zephyr Holdco Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The address of the registered office is The Cooperage, 5 Copper Row, London SE1 2LH.

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below for the period ended 31 December 2020. The policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements of Zephyr Holdco Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The Company has not traded during the period or the prior period.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Summary of disclosure exemptions:

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS101:

- IFRS 7: Complete exemption from all of the disclosure requirements of IFRS 7, Financial Instruments, other than those instruments where these disclosures are still required to comply with the law.
- The following paragraphs of IAS 1, 'Presentation of financial statements': – 10(d) (statement of cash flows); – 16 (statement of compliance with all IFRS); – 38A (requirement for minimum of two primary statements, including cash flow statements); – 38B–D (additional comparative information); – 111 (cash flow statement information); and – 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'. Complete exemption from preparing a Statement of cash flows and related notes.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- IAS24: Exemption from disclosure of related party transactions entered into between two or more members of a group, provided that a subsidiary party to the transaction is wholly owned by such a member.

The presentational currency of the financial statements is Pound Sterling (£).

The Company is a wholly-owned subsidiary of Zephyr Luxco S.à.r.l, and is included in the consolidated accounts of Zephyr Luxco S.à.r.l, comprising Zephyr Luxco S.à.r.l and its subsidiaries (the "Group"). The consolidated financial statement of Zephyr Luxco S.à.r.l can be obtained from 2, rue Edward Steichen, L-2540 Luxembourg. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

1.2 New standards and interpretations not yet adopted

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group for the financial period beginning 1 October 2020.

1.3 Going concern

The Company acts as an intermediate holding company for a Group that operates online property portals and household comparison websites as well as providing residential property software and data analytics. The Group's trading results are consolidated by Zephyr Midco 2 Limited, an indirect subsidiary which the Company directly controls. The Company itself does not trade and therefore relies on the assessment of going concern on its subsidiary Zephyr Midco 2 Ltd. Details of this assessment can be found in the Zephyr Midco 2 consolidated financial statements available from the address listed above.

Overall, the Directors have a reasonable expectation that the Company and the Group it controls 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 financial statements.

Notes to the financial statements (continued)

For the period ended 31 December 2020

1.4 Share-based payments

The Group provides equity-settled share-based incentive plans whereby ZPG Property Services Holdings Limited and ZPG Comparison Services Holdings Limited grants sweat shares at unrestricted market value to its employees of its subsidiaries. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Vesting happens over a five-year period with all shares vesting at the date of an exit event if earlier than five years. The fair value for employee-based schemes is measured using the Black-Scholes valuation model and is charged to the consolidated statement of comprehensive income over the vesting period on a straight-line basis.

Details regarding the determination of the fair value of equity-settled share-based payment transactions are set out in the Zephyr Midco 2 Limited consolidated accounts.

During the period, the Company entered into an agreement with a related party. The agreement provides an option for the related party to purchase a fixed number of shares for a fixed price in the Company's direct subsidiary. The latest period when the option can be exercised is November 2022.

The share-based payment charge for the option is calculated using the Black Scholes model. The option has a fair value on day 1 for which no identifiable consideration has been received. Given there are no cash-settlement alternatives under the option, the share-based payment is classified as equity-settled. As there are no vesting conditions, the full charge is recognised in the profit and loss account on day 1.

1.5 Key sources of estimation uncertainty and judgements

Holdco investors agreement

During the period, the Company entered into an agreement with a related party. The agreement provides an option for the related party to purchase a fixed number of shares for a fixed price in the Company's direct subsidiary. The latest period when the option can be exercised is November 2022.

Judgement is required to determine the appropriate accounting treatment of the agreement; in particular whether the arrangement is within the scope of IFRS 2 or IFRS 9. The Directors have performed an extensive exercise to demonstrate that the arrangement falls within the scope of IFRS 2 and that the Company receives services from a related party. Consequently, the Directors have concluded that the agreement should be accounted for in the Company's accounts as share-based payment in line with IFRS 2.

Had the alternate judgement been made, and the option accounted for as a financial instrument in line with IFRS 9, the initial impact to the financial statement remains unchanged. Subsequently; the option would be revalued at each reporting period end.

Impairment of assets, including investments

On an annual basis, the Company is required to perform an impairment review to assess whether the carrying value of its investment in subsidiary undertakings is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows of the Company's subsidiary undertakings, which includes estimates of future performance.

The value in use calculations include key sources of estimation uncertainty and, in the current period this estimation uncertainty is heightened due to the impact of COVID-19. Details of the impairment analysis, including key estimates and assumptions, and sensitivity over the estimates used, are included in Note 3.

2. Operating loss

	3 months to December 2020 £000	12 months to September 2020 £000
Operating loss is stated after charging:		
- Share based payments charge	(34,916)	-

Notes to the financial statements (continued)

For the period ended 31 December 2020

3. Investment in subsidiaries and joint ventures

	Zoopla Limited £000	uSwitch Limited £000	Hometrack Data Systems Limited £000	Zephyr Bidco Limited £000	Zephyr Holdco 2 Limited £000	Zephyr Holdco 3 Limited £000	Total £000
At 1 October 2020	414	41	32	54	1,424,600	-	1,425,141
Share-based payment	65	6	2	8	-	-	81
Acquisition of Zephyr Holdco 3 Limited	-	-	-	-	-	1,424,600	1,424,600
Disposal of Zephyr Holdco 2 Limited	-	-	-	-	(1,424,600)	-	(1,424,600)
At 31 December 2020	479	47	34	62	-	1,424,600	1,425,222
At 1 October 2019	154	18	24	22	1,424,600	-	1,424,818
Share-based payment	260	23	8	32	-	-	323
At 30 September 2020	414	41	32	54	1,424,600	-	1,425,141

Investments in subsidiaries are valued at cost less any provision for impairment. An impairment loss is recognised when the recoverable amount is less than its carrying value.

Details of the Company's direct and indirect subsidiaries and joint ventures at 31 December 2020 are shown below. All of the entities listed are consolidated in the consolidated accounts of Zephyr Luxco S.à.r.l., the smallest and largest consolidated group.

The percentage of ordinary share capital of each subsidiary listed is owned entirely by the direct parent indicated other than in respect of Websky Limited where 75% of Ordinary Share capital is owned by W New Holdings Limited with Zoopla Limited owning the remaining 25%.

As at 31 December 2020 and as an update to the analysis carried out on 1 October 2020, the Company performed an assessment looking at internal and external factors for each of the business units to identify if there were any indicators of impairment. These factors included but not limited to the following:

- The economic performance of the business units against budget and/or forecast;
- Any significant adverse changes to the technology, markets and economy; and
- Any obsolescence or physical damage.

Following this assessment, the Company concluded that there has been no material deterioration in any of the key assumptions made during the impairment review undertaken on 1 October 2020. Based on the current strategy and financial projections there were no indicators of any impairment during the three months ended 31 December 2020.

Zephyr Holdco 3 Limited is the only direct subsidiary of Zephyr Holdco Limited. All subsidiaries incorporated in the UK are registered at The Cooperage, 5 Copper Row, London SE1 2LH.

The subsidiary incorporated in Netherlands, namely Calcasa B.V., is registered at Koornmarkt 41, 2611EB Delft, The Netherlands. Hlix Limited did not trade in the period.

Notes to the financial statements (continued)

For the period ended 31 December 2020

3. Investment in subsidiaries and joint ventures (continued)

Name	Direct parent	Country of incorporation	Ownership of Ordinary Shares and voting interest December 2020
Active			
Zephyr Holdco 3 Limited	Zephyr Holdco Limited	Cayman Islands	100%
RV Pondview UK Limited	Zephyr Holdco 3 Limited	United Kingdom	73%
Zephyr Holding LP	Zephyr Holdco Limited	Cayman Islands	100%
Zephyr Holdco 2 Limited	RV Pondview UK Limited / Zephyr Holdings LP	Cayman Islands	100%
Zephyr Midco 1 Limited	Zephyr Holdco 2 Limited	United Kingdom	100%
Zephyr Midco 2 Limited	Zephyr Midco 1 Limited	United Kingdom	100%
Zephyr Bidco Limited*	Zephyr Midco 2 Limited	United Kingdom	100%
ZPG Limited*	Zephyr Bidco Limited	United Kingdom	100%
ZPG Property Services Holdings Limited	ZPG Limited	Cayman Islands	100%
ZPG Property Services Holdings UK Limited*	ZPG Property Services Holdings Limited	United Kingdom	100%
ZPG Comparison Services Holdings Limited	ZPG Limited	Cayman Islands	100%
ZPG Comparison Services Holdings UK Limited*	ZPG Comparison Services Holdings Limited	United Kingdom	100%
Zoopla Limited	ZPG Property Services Holdings UK Limited	United Kingdom	100%
Zoopla Printing Services Limited (formerly known as Ravensworth Printing Services Limited) *	Zoopla Limited	United Kingdom	100%
W New Holdings Limited*	Zoopla Limited	United Kingdom	100%
WebSky Limited*	W New Holdings Limited / Zoopla Limited	United Kingdom	100%
TechnicWeb Limited*	Zoopla Limited	United Kingdom	100%
uSwitch Limited	ZPG Comparison Services Holdings UK Limited	United Kingdom	100%
Property Software Holdings Limited*	ZPG Property Services Holdings UK Limited	United Kingdom	100%
Jupix Limited*	Property Software Holdings Limited	United Kingdom	100%
MoveIT Network Limited*	Jupix Limited	United Kingdom	100%
Property Software Limited*	Property Software Holdings Limited	United Kingdom	100%
Core Estates Limited*	Property Software Limited	United Kingdom	100%
CFP Software Limited*	Property Software Limited	United Kingdom	100%
Vebra Investments Limited*	Property Software Limited	United Kingdom	100%
Vebra Limited*	Vebra Investments Limited	United Kingdom	100%
Vebra Solutions Limited*	Vebra Limited	United Kingdom	100%
Hometrack.co.uk Limited*	ZPG Property Services Holdings UK Limited	United Kingdom	100%
Hometrack Data Systems Limited	Hometrack.co.uk Limited	United Kingdom	100%
Hometrack MLS Limited (formerly known as EDM MSL Limited)	Hometrack Data Systems Limited	United Kingdom	100%
Dot Zinc Holdings Limited*	ZPG Comparison Services Holdings UK Limited	United Kingdom	100%
Dot Zinc Limited	Dot Zinc Holdings Limited	United Kingdom	100%
ZPG Property Services Limited*	ZPG Property Services Holdings UK Limited	United Kingdom	100%
Calcasa B.V.	ZPG Property Services Limited	Netherlands	100%
Dormant			
PSG Web Services Limited*	Vebra Limited	United Kingdom	100%
Real Estate Technology Limited*	Vebra Limited	United Kingdom	100%
Joint ventures			
HLIX Limited	Hometrack Data Systems Limited	United Kingdom	25%

* For the period ended 31 December 2020 these entities were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The members of these companies have not required them to obtain an audit of their financial statements for the period ended 31 December 2020.

Notes to the financial statements (continued)

For the period ended 31 December 2020

4. Share based payments

During the period, the Company entered into an agreement with a related party. The agreement provides an option for the related party to purchase a fixed number of shares for a fixed price in the Company's indirect subsidiary. The latest period when the option can be exercised is November 2022.

The share-based payment charge for the option is calculated using the Black Scholes model. The option has a fair value on day 1 for which no identifiable consideration has been received. Given there are no cash-settlement alternatives under the option, the share-based payment is classified as equity-settled. As there are no vesting conditions, the full charge is recognised in the profit and loss account on day 1. The volatility used in the model of 40.0% is based on volatility in the shares of a comparable listed company. The inputs are as follows.

Valuation inputs/assumptions	Value
Valuation date	30 Nov 2020
Expected exercise date	30 Nov 2022
Time to maturity	2.00
Call option shares	27,516,800
Risk free rate	0.231%
Strike price	0.01
Volatility	40.0%
Option fair value	£34,824,739

5. Equity

Share capital

	December 2020 £000	September 2020 £000
Shares classified as capital		
Authorised		
142,460,000 ordinary shares of £0.01 each	1,424,600	1,424,600
Called-up share capital – allotted and fully paid		
142,460,000 ordinary shares of £0.01 each	1,424,600	1,424,600

Ordinary Shares

The Ordinary Shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

6. Subsequent events

On 24 December 2020 it was announced that a Group subsidiary, ZPG Comparison Services Holdings UK Limited would acquire three portals from Admiral Group (a FTSE 100 insurer) and a Spanish co-owner. On 30 April 2021, the Group acquired Admiral Group's Price Comparison division, the Penguin Portals Group, including Confused.com, Rastreator.com and LeLynx.fr for a total consideration of £501.7m. The acquisition was funded by a £271.2m equity injection from shareholders, £139.5m add on debt (less £4.2m capitalised fees), £86.0m drawn down on the existing Revolving Credit Facility and £9.2m cash. The Penguin Portals acquisition provides the Group a presence in the car & home insurance markets, which are the largest UK markets for price comparison websites, and in which the Group did not previously have meaningful presence.

£139.5m of add-on debt used to partly fund the Penguin Portals Group was obtained via an amendment to the existing debt agreement held by the Group. More specifically, the £395.0m term loan facility maturing in July 2025 at Libor + 4.25% has been increased to £534.5m. The key terms of the additional facility are therefore the same as the original facility.

On 23 April 2021 a Group subsidiary, Zoopla Limited ("Zoopla"), completed its acquisition of Yourkeys Technology Limited ("Yourkeys") for consideration of £19.3m. Yourkeys is an award-winning property software solution used by housebuilders and new homes estate agents. The acquisition enables Zoopla to benefit from greater integration with housebuilders and new homes agents. The consideration was funded by £14.3m cash consideration, and £5.0m deferred consideration due 12 months after the acquisition.

Notes to the financial statements (continued)

For the period ended 31 December 2020

7. Related party transactions

Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group.

During the period, the Company entered into an agreement with a related party. The agreement provides an option for the related party to purchase a fixed number of shares for a fixed price in the Company's indirect subsidiary. The latest period when the option can be exercised is November 2022 stated in Note 4 above.

During the period, the Directors were remunerated by other group companies within the Zephyr Luxco S.à.r.l. group. Details of the remuneration of key management personnel of the Group can be found in Note 7 of the Zephyr Midco 2 Limited financial statements for the 3 months ended 31 December 2020.

8. Auditors' remuneration

During the period the auditors were remunerated by other group companies within the Zephyr Luxco S.à.r.l. group.

9. Ultimate controlling party

The direct parent of the Company is Zephyr Luxco S.à.r.l which is a company registered in Luxembourg. The smallest and largest consolidated group financial statements of which Zephyr Holdco is a part of is Zephyr Luxco S.à.r.l. The ultimate controlling party of the Company is Silver Lake (Offshore) AIV GP V Ltd.