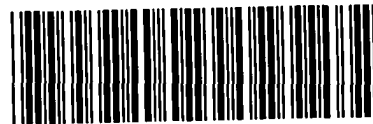


**Company number 03231094**

**BISL Limited**  
**Annual Report and Financial Statements**  
**Year Ended 30 June 2018**

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COMPANIES HOUSE

# **BISL Limited**

**Year ended 30 June 2018**

## **Annual report and financial statements**

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### **Directors**

SD Keating  
G Despas  
DA Finch  
MO Donaldson  
DJ Platt  
P Thompson

### **Secretary and registered office**

JC Brown  
Pegasus House  
Bakewell Road  
Orton Southgate  
Peterborough  
PE2 6YS

### **Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## BISL Limited

Year ended 30 June 2018

### Strategic report

The directors present the strategic report for the year ended 30 June 2018.

#### Results and dividends

The annual results of BISL Limited, company number 03231094, ("the Company"), are set out on page 9 and show a profit before taxation for continuing operations of £17.9m (2017: £18.2m). The directors are pleased with the underlying trading performance for the year and are confident of future prospects.

On 1 December 2017, the trade and assets of the Company's price comparison website [comparethemarket.com](http://comparethemarket.com) were transferred to a fellow group company, Compare The Market Limited.

The Company has paid dividends on ordinary shares of £15.0m (2017: £40.0m) during the year.

#### Principal activities, trading review and future developments

The Company's principal activity comprises its Insurance Distribution and Outsourcing business ("IDO") which includes both own brand and brand partner operations. Its price comparison website [comparethemarket.com](http://comparethemarket.com) was also a principal activity until it was transferred to a fellow group company on 1 December 2017. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

The Company shares resources with fellow subsidiaries of BGL (Holdings) Limited ("the BGL Group"). In order to improve operating efficiencies within the business, personnel and infrastructure services are provided by BGL Group Limited to the Company, which raises a management charge in respect of all services provided.

The trade of the price comparison website [comparethemarket.com](http://comparethemarket.com), which was transferred to a fellow group company on 1 December 2017, is reported as a discontinued operation. See discontinued operations note 8 for further details.

In a competitive trading environment, revenue from continuing operations has remained flat and profit before taxation has decreased by £0.3m. Customer volumes have remained stable compared to the prior year, with policies under management of 2.8m at the reporting date (2017: 2.9m).

The Company will continue to leverage its investment in marketing, data and digital capabilities to enhance and broaden its product and service offering and increase both customer numbers and loyalty.

#### Key performance indicators

Management's key performance indicators are:

	2018	2017	Movement
	£m	£m	
<b>Continuing operations</b>			
Revenue	221.9	223.8	(1)%
Operating profit	6.8	13.6	(50)%
Profit before taxation	17.9	18.2	(2)%
Intermediary policies under management	2.8m	2.9m	(1)%

The Company's working capital position remains strong with significant positive operating cash flows. Operating profit in the current year includes a £5m impairment of an investment in a subsidiary.

The BGL Group has substantial available but undrawn committed debt facilities that continue to be fully accessible. These comprise an unsecured £300.0m (2017: £210.0m) revolving credit facility maturing September 2021, of which £300.0m was undrawn at the end of the year, a £100.0m (2017: £200.0m) securitisation facility maturing March 2021, that is secured on certain instalment receivables of which £61.0m was undrawn at the end of the year and a £50.0m unsecured 7 year fixed rate senior note with a bullet maturity date of April 2025. The BGL Group is in a strong position to support the liquidity requirements of the business for the foreseeable future.

## **BISL Limited**

**Year ended 30 June 2018**

### **Strategic report**

#### **Risks and uncertainties**

The Company has adopted the BGL Group's risk management framework. The framework seeks to identify and limit potential adverse effects on the financial performance of the BGL Group and achievement of its objectives.

The BGL (Holdings) Limited board of directors ("the BGL Board") has established a group risk appetite, which has been tailored for the Company. The Company has embedded its risk appetite by selecting relevant key risk indicators from the Group suite and establishing a set of thresholds which are appropriately sensitive for the business. All risks considered to be outside of appetite are accompanied by appropriate action plans which are reviewed, approved and tracked by executive management as well as the BISL Audit & Risk Committee.

The BGL Board and the BISL Board review the implementation of processes for identifying, measuring, managing and controlling financial risks and receive and commission reports in relation to risk management activities.

The risks set out below are monitored using the BGL Group's risk management framework, which has been tailored for the Company, and through established levels of management review, from the BGL Group and subsidiary Board committees, through to the Executive Committee and Business Unit Executive meetings.

#### *Financial risk*

As part of the BGL Group's multi-national operations and debt financing, the Company is exposed to a variety of financial risks that include the effects of changes in debt market prices, credit risks, liquidity and interest rates. The BGL Group has in place a risk management framework as described above, using derivative financial instruments where appropriate.

The use of derivative financial instruments is governed by the BGL Group's policies approved by the BGL Board, which provide principles on the use of these instruments consistent with the BGL Group's risk management strategy. The BGL Group does not use derivative financial instruments for speculative purposes.

#### *Operational risk*

The Company recognises the need to maintain people, organisational structures, systems, processes and infrastructure to support current operations and the on-going growth of the business. The Company monitors these risks on an on-going basis and puts in place appropriate controls to manage them.

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

#### *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 monitoring and developing the skills and experience of key roles across the Company. A comprehensive framework of HR processes, incorporating Reward and Resourcing strategic planning, underpins a pro-active people based risk management process.

#### *Technology risk*

The Company has in place processes to manage the design, availability, capacity, performance, infrastructure failure, integrity and security of its technology assets to support the current operations of the business 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. The Company has in place a comprehensive framework of controls to actively manage this risk.

**Year ended 30 June 2018**

**Strategic report**

*Conduct and Regulatory risk*

Conduct risk is the risk that the Company's business model, product design or sales practices do not deliver fair customer outcomes and meet customer needs. The Company has in place a clearly defined framework of controls to manage conduct risk.

Regulatory risk is the risk that the Company or its subsidiaries will breach the requirements of a regulator or competition authority. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

The Company continues to review the legal and regulatory environment and seeks to work proactively to manage risks to the business in this area.

*Conflicts of interest risk*

Conflicts of interest risks could arise in circumstances where a duty owed to a customer conflicts with either the interests of the members of the BGL Group or duties owed by members of the BGL Group to other customers. The BGL Group and the Company have in place a clearly defined framework of controls to manage conflicts of interest risk.

*Strategic risk*

The Company is continually managing a wider variety of risks relating to its business strategy and the markets in which it operates. These include risks relating to:

- The general economic environment, which can impact the overall size of the markets in which it operates;
- The insurance underwriting cycle;
- Reputation; and
- The Company's business model and the ability to implement change to react quickly and effectively to changes in competitor and consumer behaviour in the market place.

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 direct interaction with consumers and the performance of the Company's affinity partner arrangements. The Company seeks to address reputational risks and also manage these risks where they arise, through established communications and public relations channels.

The Company has performed a review of its operations in the light of the expected exit of the United Kingdom from the European Union and does not foresee any significant direct impact on its business.

**Events since the balance sheet date**

There are no post balance sheet events requiring disclosure in these financial statements.

On behalf of the board:



DJ Platt  
Director  
3 September 2018

## **BISL Limited**

**Year ended 30 June 2018**

### **Report of the directors**

The directors present their report together with the audited financial statements for the year ended 30 June 2018.

#### **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 11. 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:

SD Keating (appointed 1 December 2017)  
G Despas (appointed 1 December 2017)  
DA Finch (appointed 1 December 2017)  
MO Donaldson  
DJ Platt  
P Thompson (appointed 1 December 2017)

#### **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.

#### **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, the auditor will be deemed reappointed, and KPMG LLP will therefore continue in office.



DJ Platt  
Director  
3 September 2018

## **BISL Limited**

**Year ended 30 June 2018**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, report of the directors 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **BISL Limited**

**Year ended 30 June 2018**

### **Independent auditor's report to the members of BISL Limited**

#### **Opinion**

We have audited the financial statements of BISL Limited ("the company") for the year ended 30 June 2018 which comprise the profit and loss account, statement of changes in equity, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### **Strategic report and report of the directors**

The directors are responsible for the strategic report and the report of the directors. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the report of the directors and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the report of the directors;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are



## **BISL Limited**

**Year ended 30 June 2018**

### **Independent auditor's report to the members of BISL Limited**

free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Murray Raisbeck (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
KPMG LLP  
15 Canada Square  
London  
E14 5GL

Date: 4 September 2018

**BISL Limited****Year ended 30 June 2018****Profit and loss account**

	<b>Note</b>	<b>2018 £m</b>	<b>2017 £m</b>
<b><i>Continuing operations</i></b>			
Revenue	3	221.9	223.8
Operating expenses		(210.1)	(210.2)
Impairment of investment in subsidiary		(5.0)	-
<b>Operating profit</b>	4	<b>6.8</b>	<b>13.6</b>
Finance income	5	11.2	4.8
Finance costs	6	(0.1)	(0.2)
<b>Profit before taxation from continuing operations</b>		<b>17.9</b>	<b>18.2</b>
Tax expense	7	(3.6)	(3.5)
<b>Profit for the financial year from continuing operations</b>		<b>14.3</b>	<b>14.7</b>
<b><i>Discontinued operations</i></b>			
Profit after taxation for the year from discontinued operations	8	42.9	106.4
<b>Profit for the year</b>		<b>57.2</b>	<b>121.1</b>

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

The notes on pages 12 to 27 form part of these financial statements.

**BISL Limited****Year ended 30 June 2018****Statement of changes in equity**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>At 1 July 2016</b>	<b>18.0</b>	<b>42.6</b>	<b>60.6</b>
Profit for the financial year	-	121.1	121.1
Equity dividends paid	-	(40.0)	(40.0)
<b>At 1 July 2017</b>	<b>18.0</b>	<b>123.7</b>	<b>141.7</b>
Profit for the financial year	-	57.2	57.2
Equity dividends paid	-	(15.0)	(15.0)
<b>At 30 June 2018</b>	<b>18.0</b>	<b>165.9</b>	<b>183.9</b>

The notes on pages 12 to 27 form part of these financial statements.

**BISL Limited****Year ended 30 June 2018**

Company Number 03231094

**Balance sheet**

	Note	2018 £m	2017 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	9	25.4	8.6
Property, plant and equipment	10	1.7	-
Investment in subsidiaries	11	10.0	-
		<u>37.1</u>	<u>8.6</u>
<b>Current assets</b>			
Inventories	12	-	4.4
Trade and other receivables	13	553.1	554.6
Cash and cash equivalents	15	26.3	39.3
		<u>579.4</u>	<u>598.3</u>
<b>Total assets</b>		<u><b>616.5</b></u>	<u><b>606.9</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	432.5	462.0
<b>Non-current liabilities</b>			
Provisions for liabilities	18	0.1	3.2
<b>Total liabilities</b>		<u><b>432.6</b></u>	<u><b>465.2</b></u>
<b>Equity</b>			
Share capital	19	18.0	18.0
Retained earnings		165.9	123.7
<b>Total equity</b>		<u><b>183.9</b></u>	<u><b>141.7</b></u>
<b>Total equity and liabilities</b>		<u><b>616.5</b></u>	<u><b>606.9</b></u>

The financial statements were approved by the directors on 3 September 2018 and signed by:



DJ Platt  
Director

The notes on pages 12 to 27 form part of these financial statements.

## **BISL Limited**

**Year ended 30 June 2018**

### **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

The accounting policies of the Company are set at a group level by BGL (Holdings) Limited ("the BGL Group").

#### **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;
- 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 disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of a trading portfolio or are derivatives.

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 in £m.

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 a period of not less than 12 months from the date of approving these financial statements and is confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. Accordingly the directors believes that it remains appropriate to prepare the financial statements on a going concern basis.

## **BISL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

#### **Discontinued operations**

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The Company sold its comparethemarket.com business during the year ended 30 June 2018 to a fellow subsidiary of BGL Group Limited and this business is disclosed as a discontinued operation in these financial statements.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss as required by IFRS 5. Further details are disclosed in note 8.

#### **Changes in accounting standards**

During the current year a number of amendments to existing IFRSs became effective. None of these had a material impact on the amounts included or the disclosures made within these financial statements.

#### **Revenue**

Revenue consists substantially of gross commissions and fees on insurance, price comparison and other business transacted, before deduction of the related amounts payable to agents or affinity partners, which are included in operating expenses. Revenue is analysed into its constituent components with each element recognised at fair value upon provision of each service. Commission is recognised to the extent the service has been provided when it can be measured with suitable reliability and the Company has sufficient evidence of their recovery.

For the insurance distribution and outsourcing business revenue recognition is generally at policy inception or once the service has been delivered. Mid-term adjustment and cancellation fee revenue is recognised at the point the adjustment or cancellation is performed.

For the price comparison business 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.

When the sale comprises of an obligation to deliver an incentive such as a free gift, revenue is allocated between the components of the sale and the amount allocated to the gift is deferred and recognised as revenue when the Company has fulfilled its obligation to supply the items under the terms of the agreement.

Where the Company has post-sale servicing 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.

Income from the financial assets at fair value through profit and loss representing trail commission income including any change in the assets value are recognised as part of revenue as earned and entitlement can be reliably measured. Where material, trail commission receivable in greater than one year is discounted to present value using an effective interest rate methodology.

## **BISL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

#### **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.

#### **Insurance assets and liabilities**

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. The Company recognises receivables, representing cash in respect of premiums and a corresponding liability is established in favour of the insurer, representing the premium amount net of any commission due to the Company.

#### **Intangible assets**

##### *Affinity relationships*

Payments of advanced commission in respect to affinity relationships are recognised as intangible assets when the Company has acquired the right to control either directly or jointly with the affinity partner key aspects of the relationship such as pricing, insurer panel selection, product design and marketing or the right to administer insurance policies or other customer contracts for a given period of time. As a result these rights confer direct probable economic benefits to the Company.

The Company initially measures the amounts paid at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses where appropriate. Amortisation is recognised on a systematic basis over the periods during which the related economic benefits arise, usually the length of the original contract which is typically 3 – 5 years.

##### *Impairment*

Intangible assets are reviewed for impairment losses 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.

#### **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.

#### **Non derivative financial instruments**

Non derivative financial instruments comprise trade and other receivables, cash and cash equivalents, bank loans and overdrafts, and trade and other payables.

## **BISL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

#### *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.

The Company policy is to write off doubtful receivables shortly after identification and then credit any recovered amounts to the profit and loss account when funds are received. Recoverability of receivables and financial assets are assessed on a case by case basis and provisions are recognised where appropriate.

#### *Cash and cash equivalents*

Cash and cash equivalents consist of cash at bank 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.

Restricted cash is cash set aside for a specific purpose due to them being either notionally or legally 'ring-fenced'. The Company considers the nature of any restrictions in order to identify whether the deposit can be classified as cash.

#### *Bank loans and overdrafts*

Interest bearing borrowings are initially recognised at fair value less any attributable transaction costs. Subsequently to initial recognition interest bearing borrowings are stated at amortised cost using the effective interest method less any impairment losses.

Bank loans and overdrafts are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### *Trade and other payables*

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

### **Provisions**

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.

### **Dividends**

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

## **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.

### **Judgements and estimates**

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

#### *Impairment of intangible assets*

The Company has recognised intangible assets as a result of transactions with affinity partners. The total value of these intangible assets at the balance sheet date is £5.5m (2017: £8.6m). The value of these assets is expected to be recovered through value in use and the recoverability of these assets at



## **BISL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

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 of intangible assets.

#### *Trail commissions*

The Company has recognised revenue on the sale of certain products which earn trail commissions based on the expected fair value of the total consideration receivable in relation to the Company's performance obligations. The ultimate fair value of the consideration may differ from the amounts included in the profit and loss account to date which may result in a gain or loss recognised in future periods. The value of the related asset in the balance sheet is £3.9m (2017: £3.8m) and is included within other assets at fair value.

#### *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 period end was £0.1m (2017: £3.2m).

### **3. Revenue**

Revenue is wholly attributable to the principal activity of the Company and arises primarily in the UK. £0.6m (2017: £1.3m) of fees arise from a related party in Australia.

	<b>2018</b> <b>£m</b>	<b>2017</b> <b>£m</b>
<b><i>Continuing operations</i></b>		
Brokerage and fee income	<b>221.9</b>	<b>223.8</b>
<b><i>Discontinued operations</i></b>		
Brokerage and fee income	<b>146.4</b>	<b>294.3</b>

**BISL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****4. Operating profit**

Operating profit is stated after charging the following:

	2018 £m	2017 £m
<b><i>Continuing operations</i></b>		
Impairment loss on trade and other receivables	10.7	8.7
Auditor's fees for the audit of the Company's financial statements	0.1	0.2
Amortisation of intangible assets	6.2	3.1
Depreciation on property, plant and equipment	0.4	-

Auditor's fees are recharged from BGL Group Limited and form part of the management charges.

**5. Finance income**

	2018 £m	2017 £m
<b><i>Continuing operations</i></b>		
Interest receivable from group undertakings	11.1	4.7
Interest on bank deposits	0.1	0.1
	<b>11.2</b>	<b>4.8</b>

**6. Finance costs**

	2018 £m	2017 £m
<b><i>Continuing operations</i></b>		
Interest and charges payable on bank borrowings	0.1	0.2

**BISL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****7. Tax expense**

	2018 £m	2017 £m
<b>Current tax</b>		
UK corporation tax charge	14.4	29.4
Adjustment in respect of prior years	(0.3)	(0.3)
<b>Total current tax</b>	<b>14.1</b>	<b>29.1</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	<b>-</b>	<b>-</b>
<b>Total tax expense from continuing operations</b>	<b>14.1</b>	<b>29.1</b>
Tax expense is attributable to:		
<b>Continuing operations</b>	3.6	3.5
<b>Discontinued operations</b>	10.5	25.6
	<b>14.1</b>	<b>29.1</b>

The standard rate of tax for the year ended 30 June 2018 was 19.00% (2017: 19.75%). The reconciling items between the actual tax charge and the tax charge at the standard rate are shown in the table below:

	2018 £m	2017 £m
Profit from continuing operations	14.3	14.7
Profit from discontinued operations	42.9	106.4
Tax expense	14.1	29.1
<b>Profit before tax</b>	<b>71.3</b>	<b>150.2</b>
Tax at the weighted average corporate tax rate of 19.00% (2017: 19.75%)	13.5	29.7
Effects of:		
Adjustment in respect of prior periods	(0.3)	(0.3)
Expenses not deductible for tax purposes	1.0	-
UK transfer pricing adjustment	(0.1)	(0.3)
<b>Tax expense</b>	<b>14.1</b>	<b>29.1</b>

The UK corporation tax rate throughout the year was 19%. In his budget on 16 March 2016 the Chancellor of the Exchequer announced an additional planned reduction to 17% by 1 April 2020. This was substantively enacted on 6 September 2016 and will reduce the Company's future current tax charge accordingly.

**BISL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****8. Discontinued operations**

On 1 December 2017, the trade and assets of the Company's price comparison website comparethemarket.com were transferred to a fellow Group company, Compare The Market Limited, at book value.

**a) Financial performance**

The financial performance of comparethemarket.com is presented below:

	<b>2018</b>	<b>2017</b>
	<b>£m</b>	<b>£m</b>
Revenue	146.4	294.3
Operating expenses	(93.0)	(162.3)
Operating profit	53.4	132.0
Finance income	-	-
Finance costs	-	-
Profit before tax	53.4	132.0
Tax expense	(10.5)	(25.6)
<b>Profit after tax of discontinued operation</b>	<b>42.9</b>	<b>106.4</b>

Financial performance in 2018 is to the date of disposal on 1 December 2017.

Revenue is reported net of intercompany transactions between Compare The Market Limited and continuing operations.

**b) Details of the sale of the business**

	<b>£m</b>
Consideration receivable	42.9
Carrying amount of net assets sold	(42.9)
<b>Profit on sale</b>	<b>-</b>

**BISL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****9. Intangible assets**

	Affinity relationships	Software development	Software development in progress	Total
	£m	£m	£m	£m
<b>Cost</b>				
<b>At 1 July 2016</b>	<b>39.7</b>	-	-	<b>39.7</b>
Additions	0.8	-	-	0.8
Disposals	(0.1)	-	-	(0.1)
<b>At 30 June 2017</b>	<b>40.4</b>	-	-	<b>40.4</b>
Additions	-	11.8	11.2	23.0
Transfers	-	4.3	(4.3)	-
Disposals	(6.0)	-	-	(6.0)
<b>At 30 June 2018</b>	<b>34.4</b>	<b>16.1</b>	<b>6.9</b>	<b>57.4</b>
<b>Accumulated amortisation</b>				
<b>At 1 July 2016</b>	<b>28.8</b>	-	-	<b>28.8</b>
Charge for the year	3.1	-	-	3.1
Disposals	(0.1)	-	-	(0.1)
<b>At 1 July 2017</b>	<b>31.8</b>	-	-	<b>31.8</b>
Charge for the year	3.1	3.1	-	6.2
Disposals	(6.0)	-	-	(6.0)
<b>At 30 June 2018</b>	<b>28.9</b>	<b>3.1</b>	-	<b>32.0</b>
<b>Net book value</b>				
<b>At 30 June 2018</b>	<b>5.5</b>	<b>13.0</b>	<b>6.9</b>	<b>25.4</b>
<b>At 30 June 2017</b>	<b>8.6</b>	-	-	<b>8.6</b>

During the year the Company purchased £17.7m of software development assets from a fellow group company.

There are no commitments to purchase intangible assets at the reporting date.

All additions relate to internally developed software.

**BISL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****10. Property, plant and equipment**

	<b>Computer equipment</b>
	<b>2018 £m</b>
<b>Cost</b>	
At 1 July 2017	-
Additions	2.1
At 30 June 2018	<u>2.1</u>
<b>Accumulated amortisation</b>	
At 1 July 2017	-
Charge for the period	0.4
At 30 June 2018	<u>0.4</u>
<b>Net book value</b>	
At 30 June 2018	<u>1.7</u>
At 30 June 2017	<u>-</u>

During the year the Company purchased £2.1m of computer equipment assets from a fellow group company.

There are no capital commitments for the Company at the reporting date.

**11. Investments in subsidiaries**

	<b>2018 £m</b>
<b>Value at 1 July 2017</b>	-
Additions	10.0
<b>Value at 30 June 2018</b>	<u>10.0</u>

On 1 December 2017, the Company acquired 100% of the share capital of fellow group companies BFSL Limited, ACM ULR Limited and BGL Direct Life Limited from its parent company BGL Group Limited. Consideration was book value.

On 30 June 2018, BGL Direct Life Limited issued 5,000,000 ordinary shares of £1 to the Company. This investment was recorded immediately in the profit and loss account as it was not deemed to add to the investment value of the subsidiary.

**BISL Limited****Year ended 30 June 2018****Notes forming part of the financial statements**

The following were the subsidiary undertakings at the end of the year:

Name	Proportion of ordinary share capital held		Nature of business
	2018	2017	
ACM ULR Limited	100%	-	Claims management
BFSL Limited	100%	-	Consumer credit services
BGL Direct Life Limited	100%	-	Insurance intermediary

**12. Inventories**

	2018 £m	2017 £m
Finished goods	-	4.4

Finished goods relate to inventory held for customer reward schemes. On 1 December 2017, this inventory was sold to a fellow Group company at book value.

**13. Trade and other receivables**

	2018 £m	2017 £m
Trade receivables	-	2.4
Amounts due from group undertakings	490.7	461.5
Accrued income	34.9	70.3
Prepayments	4.4	2.5
Corporation tax receivable	2.4	-
Other receivables	20.7	17.9
	<b>553.1</b>	<b>554.6</b>

All amounts fall due for payment within one year with the exception of accrued income of £0.1m (2017: £2.0m), prepayments of £0.3m (2017: £nil), other receivables of £0.1m (2017: £nil) and £3.9m (2017: £3.8m) included within other receivables relating to the fair value of trail commission, see note 14.

Trade receivables include a total provision of £nil (2017: £nil).

**14. Other assets**

	2018 £m	2017 £m
Other assets at fair value	3.9	3.8

## BISL Limited

Year ended 30 June 2018

### Notes forming part of the financial statements

Other assets at fair value through profit or loss of £3.9m (2017: £3.8m) represents the fair value of total trail commission receivable from and £nil (2017: £0.2m) represents the fair value of total trail commission payable to product providers where no subsequent servicing obligations exist under the contract.

The fair value assessment was undertaken by taking into account the total contractual commission entitlement per policy sold and applying lapse rates based on historical observed metrics. A further discount factor of 5% was then applied to take account of the time value of money. The following table sets out a reconciliation of opening and closing balances for these assets.

	2018 £m	2017 £m
Value at start of year	3.8	3.1
Transfer to financial liabilities	0.2	0.2
Purchases	0.1	0.3
Change in lapses	0.7	0.8
Settlements	(0.9)	(0.6)
Value at end of year	<u>3.9</u>	<u>3.8</u>

The net credit to revenue in the current year was £0.7m (2017: £1.1m).

The following table sets out a reconciliation of opening and closing balances for the liabilities.

	2018 £m	2017 £m
Value at start of year	0.2	-
Transfer to financial liabilities	0.2	0.2
Change in lapses	0.1	(0.2)
Settlements	(0.5)	0.2
Value at end of year	<u>-</u>	<u>0.2</u>

The directors are of the opinion that the carrying value of the financial instruments held approximate to the fair value.

Risks of the Company are managed at a group level by the UK parent company, BGL (Holdings) Limited.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a loss for the Company by failing to pay its obligation.

#### **Trade receivables**

Concentrations of credit risk with respect to trade receivables are limited due to the Company's customer base being large and diversified. It is the Company's policy to write off doubtful insurance receivables when identified.

#### **Short-term deposits**

Counter-parties for short-term deposits are subject to pre-approval, and are limited to institutions with a certain credit rating. The amount of exposure to any individual counter party is subject to defined limits. Both the acceptable credit rating and exposure limits are reassessed on a regular basis.



## BISL Limited

Year ended 30 June 2018

### Notes forming part of the financial statements

Measures taken to monitor these risks include exposure reports to monitor counterparty credit risk and review of monthly key performance indicators.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities.

The BGL Group maintains a mixture of long-term and short-term committed facilities that are designed to ensure the BGL Group has sufficient available funds for operations.

The BGL Group has substantial available but undrawn committed debt facilities that continue to be full accessible. These comprise an unsecured £300.0m (2017: £210.0m) revolving credit facility, of which £300.0m was undrawn at the end of the year and a £100.0m (2017: £200.0m) securitisation facility, that is secured on certain instalment receivables of which £61.0m was undrawn at the end of the year and a £50.0m unsecured 7 year fixed rate senior note.

Under the terms of the £300.0m revolving credit facility and the £50.0m senior note BGL (Holdings) Limited together with the BGL Group Limited, BISL Limited, BFSL Limited, ACM ULR Limited and Compare The Market Limited, provided a joint and several guarantee. At 30 June 2018 the maximum exposure to this liability was £50.0m (2017: £117.0m).

Measures taken to monitor these risks include regular treasury reporting to the board of directors, including monitoring against the BGL Group's existing and expected future available funding and cash requirements and compliance with financial covenants included within the committed debt facilities.

#### *Market risk*

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

### 15. Cash and cash equivalents

	2018 £m	2017 £m
Restricted cash	11.0	28.5
Cash and cash equivalents	15.3	10.8
	<b>26.3</b>	<b>39.3</b>

Cash of £nil (2017: £17.5m) is restricted under the arrangement with the securitisation structured entity, BGL Receivables Financing (1) Limited. Cash of £11.0m (2017: £11.0m) has been notionally 'ring-fenced' for regulatory purposes.

### 16. Bank loans and overdrafts

Bank loans and overdrafts comprise a bank overdraft.

At 30 June 2018, the entirety of the balance of £0.2m (2017: £0.2m) was floating rate and had maturity terms of less than one year.

**BISL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****17. Trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>£m</b>	<b>£m</b>
Bank loans and overdrafts (see note 16)	0.2	0.2
Trade payables	410.9	426.5
Other payables including tax and social security	0.4	0.5
Accruals and deferred income	21.0	21.7
Other financial liabilities	-	0.2
Corporation tax payable	-	12.9
	<b>432.5</b>	<b>462.0</b>

**18. Provisions for liabilities**

	<b>2018</b>	<b>2017</b>
	<b>£m</b>	<b>£m</b>
Value at start of year	3.2	3.1
Increase in provision	2.0	1.1
Payments	(1.4)	(1.0)
Transfer to fellow group company	(3.7)	-
Value at end of year	<b>0.1</b>	<b>3.2</b>

The provision relates to an estimation of the insurer or broker claw back of previously recognised commission following the lapse of life insurance policies. The key assumption in this accounting estimate is the future lapse rate.

**19. Share capital**

	<b>Allotted, called up and fully paid</b>	
	<b>2018</b>	<b>2017</b>
	<b>£m</b>	<b>£m</b>
Ordinary shares of £1 each	<b>18.0</b>	<b>18.0</b>

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

## BISL Limited

Year ended 30 June 2018

### Notes forming part of the financial statements

#### 20. Dividends

	2018 £m	2017 £m
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Interim dividend for 2018 (£0.83 per share)	15.0	-
Interim dividend for 2017 (£1.38 per share)	-	25.0
Interim dividend for 2017 (£0.83 per share)	-	15.0
	<b>15.0</b>	<b>40.0</b>

#### 21. Employees

- ✓ The Company did not directly employ any staff during the year. The services of individuals were obtained in exchange for payments made to BGL Group Limited, the management services company of the BGL Group.

#### 22. Contingent liabilities

Under the terms of the £300.0m revolving credit facility and the £50.0m senior note BGL (Holdings) Limited together with the BGL Group Limited, BISL Limited, BFSL Limited, ACM ULR Limited and Compare The Market Limited, provided a joint and several guarantee. At 30 June 2018 the maximum exposure to this liability was £50.0m (2017: £117.0m).

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 loss can be reasonably estimated.

Tax filings contain matters that could be subject to differing interpretations of applicable tax laws and regulations, the resolution of which can take several years, through negotiations with relevant tax authorities, or litigation. There is an ongoing discussion with HMRC relating to the VAT treatment of certain recently introduced products. Whilst it is difficult to predict the ultimate outcome in such matters, the Company is confident that there will be no material net impact on the Company's results.

#### 23. 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.

	2018 £m	2017 £m
<b>Royalty income</b>		
Compare the Market Pty Limited	0.7	1.2
<b>Sale of toy stock</b>		
Compare the Market Pty Limited	-	0.2

## **BISL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

#### **Key management emoluments and directors' interests**

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.

<b>Key management emoluments (including directors)</b>	<b>2018 £m</b>	<b>2017 £m</b>
Short-term employee benefits	1.7	2.2
Compensation for loss of office	0.3	-
	<b>2.0</b>	<b>2.2</b>
<b>Directors' emoluments</b>	<b>2018 £m</b>	<b>2017 £m</b>
Short-term employee benefits	0.8	0.3
	<b>0.8</b>	<b>0.3</b>
<b>Highest paid director</b>	<b>2018 £m</b>	<b>2017 £m</b>
Short-term employee benefits	0.6	0.2
	<b>0.6</b>	<b>0.2</b>

#### **24. 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 is BHL Holdings Limited. BHL Holdings Limited is a subsidiary of the ultimate controlling party, Reef Holdings Limited. Both companies are incorporated in Guernsey. Reef Holdings Limited is wholly owned by The Concrete Trust. The Reef Foundation acts as trustee of The Concrete Trust.

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

The consolidated financial statements of BHL Holdings Limited are not available to the public. 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.