Registration number: 05949018

Make it Cheaper Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2018

Make it Cheaper Limited

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Make it Cheaper Limited

Company Information

Directors

Jonathan Elliott

Thomas Crockford

Registered office

Minster Building
21 Mincing Lane
4th Floor
London
EC3R 7AG

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Make it Cheaper Limited

Strategic Report for the Year Ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

Principal activity
The principal activity of the company is to make it easy for small and medium-sized enterprises ("SMEs") to save money on utilities and telecommunications.

Business review
Make it Cheaper Limited ("the company") provides comparison, switching and intermediary services for SMEs in the UK.

Our purpose is to "Put a Smile on the Face of British Businesses" and we achieve this by being trusted to make switching and saving easy.

Highlights of the period included:

• The launch of our 'Red Ball' Strategy:
- Growing the channels to market through which we attract customers
- Accelerating the number of customers who use the company for Telco services
- Investment in new technology: CRM, digital and omnichannel
• Consistently achieving a Customer Net Promoter Score ("NPS") of more than +65
• New additions to strengthen and widen the management team

EBITDA for the year was £4,055,718 (2017 - £3,685,625) showing continued momentum from the trading of the company.

The company, as part of the Make it Cheaper Group, was acquired by Smile Bidco Limited on 29 September 2017.

Principal risks and uncertainties
The principal risks and uncertainties faced by the company are outlined below including an explanation on how these risks are managed and mitigation strategies implemented:

Threat and risk of cyber security attack could adversely impact business operations and customer trust
The company faces the ongoing threat of being subject to a cyber security attack that could result in the loss or disclosure of customer data. Any breach could adversely impact business operations and/or result in major data loss, which would have a negative impact on reputation and reduce customer trust. A number of initiatives were started in 2017 under the guidance of the experienced IT Director to address cyber security, including technology changes, penetration tests and a programme of staff training to raise awareness of cyber attacks. As the diversity, sophistication and complexity of cyber-attacks continues to increase, the company continues to invest in technology, staff training and awareness to prevent attacks and reduce their impact.

Resilience and reliance on legacy IT systems
The company is reliant on a bespoke legacy CRM platform that supports sales and customer services operations. This system has limited further scalability and takes time and investment to adapt to changing customer behaviours. In 2017, a major programme of work was established to replace the existing CRM and Contact Centre platform with an enterprise level platform. This includes a review of the current processes, the customer journey and required data structure. Significant capital spend is expected in FY18-19 to fund the implementation of this programme.

Uncertainty relating to the estimation of revenue by contract and accrued revenue recoverability
Revenue recognised is underpinned by a number of key assumptions, including the expected future consumption of customers, and is therefore inherently uncertain as further discussed within the revenue recognition accounting policy note. Uncertainty is greatest for new connections. The company has established a number of mitigating processes and controls to review and improve accuracy of the values recognised, they include:
• Data cleanse process to confirm consumption values with suppliers at the point of renewal;
• Dedicated Quality Assurance team who review sale documentation and values captured;
• Reporting and monitoring of the key assumptions used in revenue recognition;
• Finance revenue meetings to review variances and track actual receipts to expected commissions; and
• Dedicated Compliance Team reviewing sales quality and newly established Internal Audit function reviewing entity processes and controls.

Increased market competition
New and existing competition who are better at meeting and delivering customer needs could reduce market share and growth opportunities. Maintenance and growth of customer acquisition coupled with servicing the needs of and retaining renewal customers is fundamental to protecting and growing market share. The company continues to invest in sources of lead acquisition including launching a referrals scheme and acquiring new partners and building on current partner relationships, along with:
• Innovative product offerings such as the Do it for You renewals service and new routes to market;
• Monitoring and benchmarking against competitor service offerings and pricing to ensure a market leading proposition; and
• Recruitment of a Chief Product Officer focused on future products and initiatives.

Regulatory compliance
The company is regulated by a number of regulatory bodies.We employ experienced and dedicated compliance personnel who monitor compliance. Senior management encourage a culture of trust with our customers and ensure sufficient focus is placed on these compliance activities.

Loss of key management and/or the inability to recruit and retain employees
The inability to identify and recruit skilled employees and ensure a continuous pipeline of new talent could negatively impact the performance, growth potential and quality of service provided to customers. This is mitigated by:
• Experienced and established Senior Leadership Team;
• Investment in recruitment;
• eNPS surveys and scores reviewed to respond to employee feedback; and
• Staff benefits programme and high flyers initiatives.

Make it Cheaper Limited

Strategic Report for the Year Ended 31 March 2018

Financial key performance indicators

The company measures and monitors, on a weekly and monthly basis, a broad range of key performance indicators to ensure continuous improvement and progress towards achieving its strategic objectives. These include:

	2018	**2017**
Customer numbers* (no.)	52,745	45,498
EBITDA (£)	4,055,718	3,685,625

*Customer numbers for total group, company numbers are not available.

Approved by the Board on 11 December 2018 and signed on its behalf by:

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Jonathan Elliott
Director

Make it Cheaper Limited

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Results and dividends
The company reported a profit for the year after taxation of £5,065,985 (2017 - £2,771,011).

Dividends declared in the year were £1,417,765 (2017 - £800,000).

Directors of the company
The directors who held office during the year were as follows:

Jonathan Elliott

Thomas Crockford (appointed 23 November 2017)

Financial instruments
The company has established a risk and financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level, refer to note 21.

Future developments
The company is set for significant further growth over the coming year based on an increased take-up of recently launched products and services and its strong renewals pipeline, with a majority of customers trusting Make It Cheaper to achieve continuous savings for them.

Going concern
The financial position of the company is shown on the balance sheet on page 12. The directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Appointment of auditor
In accordance with section 485 of the Companies Act 2006, a resolution to appoint Ernst & Young LLP as auditor was put to the members at the Annual General Meeting.

Approved by the Board on 11 December 2018 and signed on its behalf by:

....
Jonathan Elliott
Director

Make it Cheaper Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Make it Cheaper Limited

Independent Auditor's Report to the Members of Make it Cheaper Limited

Opinion

We have audited the financial statements of Make it Cheaper Limited (the 'company') for the year ended 31 March 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

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

Independent Auditor's Report to the Members of Make it Cheaper Limited

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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, 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 Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Make it Cheaper Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Andy Williams (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

11 December 2018

Make it Cheaper Limited

Profit and Loss Account for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Revenue	4	19,668,149	16,333,022
Cost of sales		(8,409,612)	(7,091,745)
Gross profit		11,258,537	9,241,277
Administrative expenses		(7,713,389)	(6,343,875)
Other operating income	5	-	462,554
Operating profit	6	3,545,148	3,359,956
Other interest receivable and similar income	11	-	297
Interest payable and similar expenses	12	(37,294)	(60,761)
Profit before tax		3,507,854	3,299,492
Taxation	13	1,558,131	(528,481)
Profit for the financial year		5,065,985	2,771,011

The notes on pages 14 to 30 form an integral part of these financial statements.

Make it Cheaper Limited

Statement of Comprehensive Income for the Year Ended 31 March 2018

	2018 £	2017 £
Profit for the year	5,065,985	2,771,011
Total comprehensive income for the year	5,065,985	2,771,011

The notes on pages 14 to 30 form an integral part of these financial statements.

Make it Cheaper Limited

(Registration number: 05949018)
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	14	1,724,353	945,432
Tangible assets	15	163,671	186,779
Investments	16	983,513	983,513
		2,871,537	2,115,724
Current assets			
Debtors: amounts falling due after one year	17	2,335,434	2,150,365
Debtors: amounts falling due within one year	17	9,501,437	6,596,035
Cash at bank and in hand	18	2,795,224	612,116
		14,632,095	9,358,516
Creditors: Amounts falling due within one year	19	(10,499,130)	(8,407,935)
Net current assets		4,132,965	950,581
Net assets		7,004,502	3,066,305
Capital and reserves			
Called up share capital	22	100	100
Other reserves	23	694,890	404,913
Profit and loss account	23	6,309,512	2,661,292
Total equity		7,004,502	3,066,305

Approved and authorised by the Board on 11 December 2018 and signed on its behalf by:

T Crockford
....

Thomas Crockford
Director

The notes on pages 14 to 30 form an integral part of these financial statements.

Make it Cheaper Limited

Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 April 2017	100	404,913	2,661,292	3,066,305
Profit for the year	-	-	5,065,985	5,065,985
Dividends	-	-	(1,417,765)	(1,417,765)
Movement on other reserves	-	289,977	-	289,977
At 31 March 2018	100	694,890	6,309,512	7,004,502

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 April 2016	100	238,967	673,703	912,770
Profit for the year	-	-	2,771,011	2,771,011
Dividends	-	-	(800,000)	(800,000)
Transfers	-	(16,578)	16,578	-
Movement on other reserves	-	182,524	-	182,524
At 31 March 2017	100	404,913	2,661,292	3,066,305

The notes on pages 14 to 30 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
Minster Building
21 Mincing Lane
4th Floor
London
EC3R 7AG

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern
The company manages its day-to-day working capital requirements through its banking facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS102
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

• the requirements of Section 7 Statement of Cash Flows;
• the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
• the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The information is included in the consolidated financial statements of Smile Topco Limited as at 31 March 2018 and these financial statements may be obtained from the registered office.

2 Accounting policies (continued)

Exemption from preparing group accounts
The financial statements contain information about Make it Cheaper Limited as an individual company and do not contain consolidated financial information as the parent of a group.
The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Make it Cheaper Group Limited, a company incorporated in England and Wales.

Reclassification of comparative amounts
Certain prior year disclosures have been updated to reflect current year presentation.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

• the significant risks and rewards of ownership have been transferred to the buyer;
• the company retains no continuing involvement or control over the goods;
• the amount of revenue can be measured reliably;
• it is probable that future economic benefits will flow to the entity; and
• when the specific criteria relating to each of the company's sales channels have been met, as described below.

Turnover represents commissions earned and is recognised at the point at which a customer applies for a new contract.

Customer energy contracts
Commissions are calculated based on expected energy use by the business customer at agreed commission rates with the energy suppliers. At point of sales, provision is made for:

- Possible variations between expected consumption and that used by suppliers for commission payment purposes where these differ; and
- Contracts that may fail to commence with suppliers.

Other customer contracts
Commissions in relation to Telco contracts are recognised at the point at which a cash is received from suppliers.

Commissions relating to insurance contracts are recognised at the point at which a customer signs a new policy or renews a policy.

2 Accounting policies (continued)

Intangible assets and amortisation
All intangible assets are initially recognised at cost and considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software development - 4 years
Trademarks - 4 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible assets and depreciation
Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is charged at the following rates on a straight line basis to write off the cost over their estimated useful lives:

Short-term leasehold property - over life of lease
Fixtures and fittings - 25% straight line
Office equipment - 25% straight line

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Investments
Investments held as fixed assets are stated at cost less accumulated impairment losses.

The carrying value of fixed asset investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2 Accounting policies (continued)

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Bank overdrafts, where applicable, are shown within borrowing in current liabilities.

Financial instruments
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2 Accounting policies (continued)

ii. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Accounting policies (continued)

Share based payments
The company provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the profit and loss account.

Foreign currency transactions and balances
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension scheme
The company operates a defined contribution pension scheme and costs are expensed as incurred.

Interest income
Interest income is recognised in the statement of comprehensive income using the effective interest method.

Borrowing costs
All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Deferred tax
Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The main rate of UK corporation tax reduced from 20% to 19% from 1 April 2017. A further reduction in the UK corporation tax rate from 19% to 17%, effective from 1 April 2020 was substantively enacted in 2015. Deferred tax as at the balance sheet date is calculated at the substantively enacted rates at which the temporary differences are expected to reverse.

2 Accounting policies (continued)

Operating leases
Rentals payable relating to operating leases are charged in profit and loss account on a straight line basis over the lease term. Lease incentives are recognised as a reduction to the expense on straight line basis over the lease term.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Revenue recognition
a. Energy Live Rate
At point of sale agreement with a customer there is a chance that a meter that has been agreed to move to a new contract will not ultimately transfer. This is addressed by applying a Live Rate provision to revenue at the point of sale based on historical rates by type of business.

b. Energy Consumption Provision Rate
The company invests significant time ensuring that the customer energy consumption data that is passed to suppliers, and is the basis of commission received, is accurate and measurable. However, across the course of an energy contract there remains potential for consumption to vary through e.g. change of business practices, energy efficiency initiatives or even change of tenancy leading to the end of a contract. To address these changes a consumption provision is applied to expected revenue at the point of sale based on historical levels of commission received by business type and by supplier.

Impairment of intangible assets
Annually, the company considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires forecasting of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Price comparison and switching services	19,668,149	16,333,022

All revenue arose within the United Kingdom.

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £	2017 £
Management fees receivable	-	462,554

6 Operating profit

Arrived at after charging

	2018 £	2017 £
Depreciation expense	105,399	83,478
Amortisation expense	405,171	242,191

7 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	30,000	20,000

Other fees to auditors

Non-audit services	17,750	31,814

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 (restated) £
Wages and salaries	8,513,316	7,436,298
Social security costs	895,276	731,333
Pension costs, defined contribution scheme	86,890	71,077
	9,495,482	8,238,708

Staff costs of £187,534, included above, have been capitalised in the year (2017 - £Nil).

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Management	9	8
Sales	134	118
Finance	9	6
Marketing	14	15
Human resources	6	6
Operations	41	35
Information technology	20	16
	233	204

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £
Remuneration	183,122

Post employment benefits are accruing to one director (2017 - none) under a defined contribution pension scheme. No directors were member of a defined benefit pension scheme (2017 - none).

One director received share options in the parent company's shares during the year (2017 - none).

9 Directors' remuneration (continued)

In respect of the highest paid director:

	2018 £	2017 £
Remuneration	100,769	-

10 Share-based payments

The acquisition of the Make it Cheaper Group during the year by Smile Bidco Limited resulted in all outstanding options being exercised.

The movements in the number of share options during the year were as follows:

	2018 Number	2017 Number
Outstanding start of period	137,517	121,667
Granted during the period	-	24,336
Forfeited during the period	(19,378)	(8,486)
Exercised during the period	(118,139)	-
Outstanding end of period	-	137,517

The movements in the weighted average exercise price of share options during the year were as follows:

	2018 pence	2017 pence
Outstanding start of period	11.33	9.56
Granted during the period	-	22.12
Forfeited during the period	21.34	16.87
Exercised during the period	9.69	-
Outstanding end of period	-	11.33

The charge in the profit and loss for the year was £289,977 (2017 - £182,524).

11 Other interest receivable and similar income

	2018 £	2017 £
Other interest receivable	-	297

12 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	37,294	60,761

13 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	(507,439)	507,439
Deferred taxation		
Arising from origination and reversal of timing differences	(1,230,947)	21,042
Arising from changes in tax rates	16,158	-
Arising from adjustments in respect of prior periods	164,097	-
Total deferred taxation	(1,050,692)	21,042
Tax (credit)/expense in the income statement	(1,558,131)	528,481

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 (restated) £
Profit before tax	3,507,854	3,299,492
Corporation tax at standard rate of 19% (2017 - 20%)	666,492	659,898
Effect of expense not deductible for tax purposes	56,559	85,343
Deferred tax relating to changes in tax rates	16,158	-
Deferred tax related to adjustments in respect of prior periods	164,097	-
Effect of employee share options	(2,399,261)	-
Effect of group relief	23,597	(470)
Effect of adjustment in research and development tax credit	(85,773)	(216,290)
Total tax (credit)/charge	(1,558,131)	528,481

13 Taxation (continued)

Tax rate changes

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Further changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

14 Intangible assets

	Trademarks £	Software £	Total £
Cost or valuation			
At 1 April 2017	5,445	1,322,581	1,328,026
Additions internally developed	-	187,534	187,534
Additions acquired separately	-	996,558	996,558
At 31 March 2018	5,445	2,506,673	2,512,118
Amortisation			
At 1 April 2017	1,701	380,893	382,594
Amortisation charge	1,362	403,809	405,171
At 31 March 2018	3,063	784,702	787,765
Carrying amount			
At 31 March 2018	2,382	1,721,971	1,724,353
At 31 March 2017	3,744	941,688	945,432

The aggregate amount of research and development expenditure recognised as an expense during the period is £347,258 (2017 - £267,902).

15 Tangible assets

	Short leasehold land and buildings £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2017	279,591	88,814	554,099	922,504
Additions	-	-	82,291	82,291
At 31 March 2018	279,591	88,814	636,390	1,004,795
Depreciation				
At 1 April 2017	231,710	78,101	425,914	735,725
Charge for the year	43,808	4,327	57,264	105,399
At 31 March 2018	275,518	82,428	483,178	841,124
Carrying amount				
At 31 March 2018	4,073	6,386	153,212	163,671
At 31 March 2017	47,881	10,713	128,185	186,779

Included within the net book value of land and buildings above is £4,073 (2017 - £47,881) in respect of short leasehold land and buildings.

16 Investments in subsidiaries, joint ventures and associates

	2018 £	2017 £
Investment in subsidiary	983,513	983,513

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of share	Holding
UK Power Limited	Price comparison and switching service	Ordinary	100%

The registered address of UK Power Limited is Minster Building, 21 Mincing Lane, 4th Floor, London, EC3R 7AG.

Make it Cheaper Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

17 Debtors

	2018 £	2017 £
Due after more than one year		
Prepayments and accrued income	2,335,434	2,150,365

	Note	2018 £	2017 £
Due within one year			
Trade debtors		970,540	694,937
Amounts owed from group undertakings		1,094,423	42,439
Other debtors		31,634	165,567
Prepayments and accrued income		6,327,397	5,666,341
Deferred tax assets	20	1,077,443	26,751
Total current debtors		9,501,437	6,596,035

18 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	2,795,224	612,116

19 Creditors

	2018 £	2017 £
Due within one year		
Trade creditors	712,681	578,339
Amounts owed to group undertakings	6,559,609	4,232,887
Social security and other taxes	1,044,120	839,621
Other creditors	350,672	414,176
Accruals and deferred income	1,832,048	1,700,523
Corporation tax	-	642,389
	10,499,130	8,407,935

20 Deferred tax

	Deferred tax asset £
At 1 April 2017	26,751
Credit to profit and loss	1,050,692
At 31 March 2018	1,077,443

The deferred tax asset is made up as follows:

	2018 £	2017 £
Fixed asset timing differences	(269,898)	-
Losses	1,347,341	-
Share based payments	-	26,751
	1,077,443	26,751

21 Financial instruments

	2018 £	2017 £
Financial assets measured at fair value through profit or loss	2,795,224	612,116
Financial assets that are debt instruments measured at amortised cost	10,518,193	8,556,279
	13,313,417	9,168,395
Financial liabilities measured at amortised cost	(9,015,285)	(6,391,383)
	(9,015,285)	(6,391,383)

Financial assets measured at fair value through profit and loss comprises of cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade debtors, amounts due from group undertakings, staff loans and accrued revenue.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts due to group undertakings, other creditors and accruals.

22 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

23 Reserves

Other reserves

Other reserves have arisen from the share based payment charge. The shares over which the options were issued are that of the parent company, Make it Cheaper Group Limited. However, the services provided by the employees are within the subsidiary, Make it Cheaper Limited. Therefore, the charge is recognised in the profit and loss account and treated as a capital contribution from the parent entity within equity.

Profit and loss account

Profit and loss account represents retained profits and losses.

24 Dividends

	2018	2017
	£	£
Interim dividend of £14,177.65 (2017 - £8,000.00) per ordinary share	1,417,765	800,000

25 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently managed fund.

The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £86,890 (2017 - £71,077).

26 Obligations under leases and hire purchase contracts

Operating leases
The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	185,508	185,508
Later than one year and not later than five years	17,714	46,377
	203,222	231,885

27 Commitments

Capital commitments
As at the year end the company has a capital commitment of £nil (2017 - £210,000) payable to an IT development partner.

28 Related party transactions

Included within other debtors is an amount of £Nil (2017: £65,418) due from the director J D Elliott.

C W Cole is considered to be a key management through his directorship in Smile Topco Limited. Included within other debtors is an amount of £Nil (2017: £71,682) due from the director C W Cole.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the group.

29 Parent and ultimate parent undertaking

The company is a wholly owned subsidiary of Make it Cheaper Group Limited, a company incorporated in England and Wales. The ultimate parent is Smile Topco Limited, a company incorporated in England and Wales.

The parent of the largest group in which these financial statements are consolidated is Smile Topco Limited. The parent of the smallest group in which these financial statements are consolidated is Make it Cheaper Group Limited. These financial statements are available upon request from Minster Building, 21 Mincing Lane, 4th Floor, London, EC3R 7AG

Smile Topco Limited is owned by a number of private shareholders and companies, those whom own more than 20% of the issued share capital of the company are listed below. Accordingly there is no ultimate controlling party.

Jonathan Elliott
ECI Partners