Imperial House, Imperial Way, Newport, NP10 8UH
Tel: +44 (0) 1633 654060 GoCoGroup.com

03 March 2020
GoCo Group plc preliminary results for the year ended 31 December 2019

Momentum building as strategy delivers and AutoSave transforming the Group

	2019	2018	YOY[4]
Revenue	**£152.4m**	£152.6m	-0.1%
Operating profit	**£20.3m**	£37.5m	-45.9%
Adjusted operating profit[1]	**£26.5m**	£44.0m	-39.8%
Leverage[2]	**2.2x**	1.5x	+0.7x
Live AutoSave customers[3], 000s	**300**	<1	n/a
Price Comparison marketing margin	**47.1%**	46.4%	+0.7%pts
Basic EPS	**3.0p**	6.5p	-53.8%

- Group adjusted operating profit of £26.5m reflecting self-funded investment into AutoSave
- 300,000 live AutoSave customers[3] by 31st December 2019, representing growth of +125,000 (+71%) in under 6 months and +80,000 (+37%) ahead of the Group's original expectations[5]
- AutoSave delivered £6.6m of revenue in 2019 H2 and breakeven trading profit
- GoCompare launched £250 excess proposition driving underlying[6] car insurance revenue growth ahead of the market[7] (+4% in Q4)
- Price Comparison continued to improve marketing margin, increasing to 47.1% (2018: 46.4%)
- Final dividend of 0.5 pence per share, taking the full year dividend to 0.9 pence per share
- The Board remains confident of meeting its expectations for the full year 2020, with performance skewed towards the second half of the year

Sir Peter Wood CBE, Chairman said:
"The Group's transformational journey has gathered significant momentum this year. 2019 represented a year of disciplined performance in the core business, efficient marketing and continuing improvements to conversion, alongside the strategic deployment of capital to grow our AutoSave segment. The management team is delivering against an exciting strategy that should provide meaningful long-term benefits to customers, partners, employees and shareholders."

Matthew Crummack, Chief Executive Officer said:
"We are pleased to report results showing strong momentum as our strategy delivers. 2019 was a year of continued transformation into a tech and data-enabled business, positioning us well for medium term growth. We enter 2020 in a strong strategic position and we are encouraged that the market has validated our AutoSave concept.

"Our progress over the last twelve months, which includes the growth of our AutoSave business to over 300,000 customers and the successful launch of our customer focused proposition on GoCompare, has demonstrated our ability to invest and innovate to revolutionise the industry".

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Delivering on Strategy:

- Strong growth in AutoSave customers demonstrates significant consumer appetite for a service that reduces the hassle of switching
- Acquisition of Look after My Bills in July, helped drive rapid growth of AutoSave customers at an efficient cost of acquisition
- Full integration of Look After My Bills has brought considerable operational and marketing expertise and further strengthened proven capabilities of switching
- GoCompare launched an innovative value add customer proposition to strengthen its position as the comparison service that looks after its customers and finished the year with good momentum
- New Rewards leadership, with a focus on going back to basics after a challenging year, helped organic traffic stabilise in H2 2019
- SaveStack™, the Group's proprietary technology platform, continues to evolve; powering GoCo's leading brands and partnering with leading banks
- Seb Chakraborty joined the Group as CTO to drive the next stage of the Group's transformation
- The Group enters 2020 in a strong position to transform into a higher and more sustainable margin business over the medium term

Further KPIs

	2019	**2018**	YOY[4]
Savings made by customers[8]	**£980m**	£1,026m	-4.5%
Customer interactions[9, 10]	**26.6m**	27.5m	-3.3%
GoCompare average revenue per interaction[10, 11]	**£4.96**	£5.05	-1.9%

Outlook:
The Board remains confident of meeting its expectations for the 2020 full year, with performance skewed towards the second half of the year.

Results Presentation:
There will be a presentation for investors and analysts at Deutsche Bank, 1 Great Winchester St, London, EC2N 2DB at 8.30am on 03 March 2020. To watch the presentation being streamed live, please visit: http://www.gocogroup.com/. The presentation will also be available on the website at 08.30am

For further information:

Nick Wrighton
Chief Financial Officer,
GoCo Group
t: 01633 655 051
e: IR@gocompare.com

Alex Jessop
VP Investor Relations
GoCo Group
t: 01633 654019
e: alex.jessop@gocompare.com

Chris Barrie / Jos Bieneman / Elizabeth Kittle
Citigate Dewe Rogerson

t: 0207 638 9571
e: gocompare@citigatedewerogerson.com

Victoria Rees
PR Manager
GoCo Group
t: 01633 654731 / 07702 901247
e: victoria.rees@gocompare.com

Notes:

1. Adjusted operating profit represents operating profit, after adding back amortisation of acquired intangibles, transaction costs, other exceptional corporate costs and Foundation Award share-based payment charges.
2. Leverage ratio is calculated as net debt divided by 12 month rolling Adjusted EBITDA.
3. Live customers defined as those who have provided full switching authority to enable a switch net of churned customers
4. Year on year percentage movements disclosed are based on actual underlying figures rather than the amounts presented which have been rounded to the nearest £0.1m
5. Original guidance as provided at the Group's interim results on 25th July 2019
6. Underlying car insurance revenue versus Q4 2018
7. Car insurance switching market grew ~1% Year on Year in second half of 2019 according to management estimates
8. Customer savings includes (i) Car and Home insurance savings calculated by applying the average Consumer Intelligence reported savings per customer across the year (ii) energy savings from AutoSave segment across weflip and Look After My Bills.
9. Customer interactions are defined as:
    a. for products where the quote process begins on GoCompare, as each unique instance of activity within any half hour period in which a customer initiates such a quote process, although they do not necessarily complete a purchase; and
    b. for the remainder of the Group's products, each instance in which a customer clicks through to a partner website from GoCompare
10. During 2019 it was identified that interactions for the Gocompare.com website were not being fully captured and as a consequence reporting of this statistic was incomplete for both 2019 and 2018. An alternative source for tracking interactions has now been put in place and interactions for 2018 have therefore been restated to present this statistic on a consistent basis. Gocompare.com interactions for 2018 are now reported as 27.5m (previously 27.1m).
11. Revenue divided by customer interactions in a particular period for Gocompare.com Limited

Cautionary statements

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of known and unknown risks and uncertainties that may cause actual results, performance or achievements of the Group or industry results to differ materially from any future events, results, performance or achievements expressed or implied by such forward-looking statements. Persons receiving this announcement should not place undue reliance on any forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, GoCompare disclaims any obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Chairman's Statement

I'm pleased to present GoCo Group plc's financial results for 2019, another important year in our transformative journey as we became GoCo Group, a name change that reflects the evolving structure of the business. Matthew and the leadership team have continued to progress and deliver the Group's strategy, with the Group positioned well for growth, exiting 2019 having built significant momentum into 2020.

Consumer demands and needs are changing fast against financial services and household expenditure categories; we need to both respond to and anticipate these changes. We are conscious that our businesses have a responsibility to ensure the products and services they provide are in their customers' best interests and we recognise that we have a duty to adapt ourselves to an environment which has greater oversight and scrutiny from Government and regulators.

Earlier this year the Executive Director of Strategy and Competition at the FCA, delivered a compelling speech entitled 'Regulation in a changing world', which commented on the move from an era of digitisation with services moving online, to a truly digital industry – one drawing on artificial intelligence (AI) and machine learning. This reflects the development of our businesses and the way we are bringing new products to consumers, both of which will enable us to drive more value from our customer base.

GoCo Group has sought to innovate and drive ahead a new generation of services that help consumers make informed purchases in a world full of more choice. While the internet has made choices more transparent to consumers, to an extent it has also made making decisions more difficult by providing too much choice and data. GoCo Group is focused on helping to address this complexity. This year we have innovated our core GoCompare business, developed our new internal brand weflip and integrated Look After My Bills following its acquisition in July 2019.

As we have expanded the Group, we have introduced ideas that go against industry norms because they aim to solve greater societal challenges. For instance, we have learnt from the success of Look After My Bills how social media can be an effective way to reach new consumers. This has helped us target the remaining 15m households paying a Standard Variable Tariff on their energy bills, increasing the efficiency of our communication with UK households and optimising customer experience across AutoSave.

Taking a disruptive approach to the industry has required a careful balance of investment between both the new and existing businesses, which Matthew and the leadership team have navigated with care. Notably, we have focused our 2019 capital allocation on investment in the core business, GoCompare, and in the AutoSave segment whilst also maintaining a dividend.

Results

In 2019, GoCo Group delivered disciplined financial results which reflect our investment in AutoSave and focus on improving conversion in our core price comparison business. We are confident that this financial discipline is enabling us to deliver near-term profits which are capable of funding sustainable investment which will in turn yield sustainable growth in future profits. Group revenue was flat year-on-year due to this disciplined approach to trading. This strategy resulted in further reduction in unprofitable paid search traffic on Gocompare.com. However, GoCompare car insurance underlying revenue increased in the fourth quarter, reflecting the performance of the free £250 excess proposition for car insurance and the new advertising initiative. Our AutoSave live customer number of 300,000, demonstrates that there is strong consumer appetite for the proposition and places the Group in a good position to continue to invest in our AutoSave segment in 2020.

Regulation and governance

There were a number of key political and regulatory developments in 2019 that impacted on the sectors in which we operate, including energy, insurance and home communications. The implications of the energy price cap continued to shape the market through 2019 and there has been heightened scrutiny over prices for loyal customers following Citizens Advice's super-complaint on the loyalty penalty.

The Government, the Competition and Markets Authority, and our regulators have, and continue to respond with proposals aimed at improving regulation for consumers. Citizens Advice claimed that eight in ten bill payers are charged higher prices when they stay with their existing supplier in at least one essential market and that consumers are not aware that they are being charged for their loyalty.

In the insurance market, GoCompare has proposed a five-point plan to improve insurance renewals. This includes proposals to introduce a new 28-day cooling off period for auto-renewals, limiting cancellation fees and increasing transparency of insurers' websites.

Nick Hugh was appointed to the Board as a Non-Executive Director in February 2019. Nick is CEO at The Telegraph Group Ltd and brings almost 20 years' digital experience from his previous roles at companies that range from global media players including Yahoo to innovative start-ups. Nick provides invaluable insight to our strategic and operational aims, including the delivery of our Savings as a Service strategy.

Evolution to GoCo Group
Further to shareholder approval at the annual general meeting, we announced that with effect from 24 May 2019, the name of the Company changed to GoCo Group plc. The Company's trading symbol remained unchanged as GOCO and the ISIN remained the same. The name change reflects the transformation of the Group since we listed on the FTSE in November 2016.

Dividends
An interim dividend of 0.4 pence per share was declared and paid during 2019 and a final dividend of 0.5 pence per share has been recommended by the Board, which will be subject to shareholder approval at the annual general meeting. Subject to this approval, the pay-out in respect of 2019 will be 20% of profit after tax (excluding adjusting items and their tax effect). The Group maintains a target dividend pay-out ratio of 20%-40% of post-tax profits, with the pay-out in 2019 reflecting the Group's use of capital to fund our focus on automated savings and the acquisition of Look After My Bills.

Thank you
As the Group continues to transform, I wish to thank our staff that have continued to drive the pace of change and who remain wholly committed to our mission of saving our customers time and money. A big thank you goes to everyone for their considerable efforts in 2019.

Our evolution to GoCo Group – a tech and data-led business with a more diversified revenue base – comes from hard work and commitment across the Group. Our multiple brands – headquartered in Newport with AutoSave and Rewards focused in London – have shown their dedication, adaptability and ability to operate at speed. Our people have helped improve our technology platform 'SaveStack™' and the culture that we create and drive across the Group, enables and fosters innovation that keeps the Group at the forefront of the industries in which we operate.

We remain unwaveringly committed to pursuing long-term, sustainable and profitable growth for our shareholders. It is thanks to an enormous amount of hard work by our people, loyalty from our customers, support from our investors and disciplined strategies led by our Executive team that we have generated a strong operational cash flow and repositioned the Group to deliver long-term shareholder value. On behalf of the Board and me personally, I would like to thank you all for your commitment to our customers and the wider business.

It is an exciting time for GoCo Group plc, and I look forward to reporting on further progress.

Sir Peter Wood CBE
Chairman
03 March 2020

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CEO's Statement

Unlocking innovation for growth

It has been another exciting year as we continue to evolve the Group through the growth of our AutoSave business, whilst generating further momentum on our core GoCompare business. This was especially the case in the second half of the year, as we innovated in the price comparison sector with the relaunch of our GoCompare brand proposition.

We are revolutionising the price comparison industry with the first real innovation in years and we continue to position ourselves for growth beyond insurance comparison.

I am always proud of the GoCo Group team and all their achievements. The Group has a consistent focus on saving customers time and money, and we are all working relentlessly to ensure we have a differentiated offer in an incredibly competitive market. Across all our locations we are unlocking people's potential to outperform, and I am thankful for the hard work and commitment of our staff.

Innovating in the core business

GoCompare operates in a highly competitive price comparison market and we have taken steps to strengthen our position as the comparison service that looks after its customers at every stage of the insurance purchase process. This year, we launched our £250 excess offer for car insurance with a new brand proposition 'When It Matters, GoCompare' to drive awareness and preference, and to lay the foundations for a stronger ongoing customer relationship over time. Although early days, the initial results are positive; car insurance quote conversion has improved and an underlying car insurance revenue growth of +4% in Q4[1] meant we finished the year with good momentum. Despite this investment in the second half of the year, our relentless focus on improving conversion and our continued disciplined approach to profitability mean we have been able to increase marketing margin through the year. We also reallocated spend away from generic Google search to above-the-line advertising focused on driving longer-term brand awareness and preference, leaving the GoCompare business in a far better position to deliver long-term profit growth.

We remain focused on solving consumer inertia

We are on a mission to change the way inertia-hit consumers shop for energy and the Group now operates two AutoSave brands, Look After My Bills and weflip, that fundamentally address this. We remain committed to growing our AutoSave business and are pleased to be progressing against our aim to rapidly scale customer numbers whilst carefully managing the cost of customer acquisition. We achieved in excess of 300,000 live AutoSave customers[2] in 2019, which was more than 80,000 (+37%) ahead of our original expectations. Net growth of 125,000 (+71%) live customers[2] for the Group's AutoSave segment in less than six months demonstrates a strong consumer appetite for a service that reduces the hassle of switching.

The performance of our AutoSave segment and growth in customer numbers put us in a strong position to diversify Group revenue and transform the Group into a higher and more sustainable margin business over the medium term.

Regaining momentum with a fresh strategy for Rewards

The financial performance of the Rewards business was disappointing in 2019, primarily driven by challenges in organic search and the commercial relationships with News UK and Reach plc driving significantly less revenue than we had expected. The challenges on organic search led to revenue from this channel falling by almost 50% in the year.

During the year we welcomed Stefano Perino as the Head of our Rewards business which has invigorated the strategic direction of the business and ensured clear focus has been placed on recovering our historic strength in organic search. This focus began to drive some early signs of improvement towards the end of the year and we are confident that performance will improve in 2020 and beyond. With the renewed focus on organic search optimisation, we have deprioritised the work on white label voucher sites.

We are focused on becoming a data-led, tech-enabled business

We continued to invest in our people, brands and tech platform across the Group. Throughout 2019, we continued to develop our proprietary tech platform SaveStack™ to provide more savings opportunities to more people than ever before. SaveStack™ is a service-based architecture that enables us to innovate faster and reach more consumers wherever they are, however and whenever they want, including through brands outside of the Group.

At the heart of SaveStack™ is our Group data strategy. We launched our award- winning Group Data Platform which delivers customer insights to drive SaveStack™, enabling us to better understand our customers across all brands. We have also future-proofed our foundations for growth through migration to Microsoft Azure, improving site sustainability and availability whilst increasing response times. We welcomed Seb Chakraborty to the Group CTO position in 2019. Seb joins the senior leadership team and brings a wealth of agile- based tech experience. His technical and experienced contribution will help to drive the next stage of the Group's transformation.

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Leveraging existing technology assets to tackle a competitive landscape
We remain at the forefront of innovation and have made ongoing improvements to our underlying architecture this year with the SaveStack™ development leading to our first B2B partnerships. Integrating our SaveStack™ technology into leading banking apps – including Virgin Money UK PLC and Bud – aims to make the switching process hassle-free and opens a significant opportunity for their customers to save money by switching. These are industry first partnerships and something we're proud to be leading the way on. I'm excited to see our platform services grow into an exciting industry-leading service over the medium term.

Our businesses are driven by our people
Our employees are fundamental in driving our businesses forward with their unique skills and passion, helping us to differentiate ourselves from our competition, as well as dictating the pace and success of the Group.

We continue to work hard to ensure that GoCo Group is a great place to work. In total, 99% of staff engaged in our 2019 annual staff survey, which is a fantastic achievement. We believe engaged employees are more involved and invested in their roles, which boosts productivity, customer satisfaction and retention. Some 92% take the opportunity to share knowledge with others, 88% have a clear understanding of how their department contributes to the success of the organisation and 97% of our staff are ready and willing to participate in change. All these metrics reinforce that we have the right team in place to drive our business forward.

Our GoFurther Academy is in its second year and has grown beyond the degree-apprenticeship programme it started out as. We remain committed to addressing the skills gap in industry and now focus on training and development for existing GoCompare staff as well as new staff; all part of our vision to find, train and develop the best talent in the UK, and help position South Wales as a tech hotspot. We believe our significant investment will have long-term benefits for talent development, the economy and the growing tech community in South Wales.

Outlook
The Board remains confident of meeting its expectations for the 2020 full year, with performance skewed towards the second half of the year.

In summary: we are delivering an exciting strategy and value for our shareholders
2019 has been a year of continued progress as we evolve into a customer-focused tech business on a mission to help people find the right products, saving them time and money. Over the year, we have seen good discipline across the core business and transformative innovation where we see opportunity for growth.

We delivered in excess of 300,000 AutoSave customers in 2019, which was ahead of the Group's original expectations. We continue to work hard to deliver services that reduce hassle and address the needs of infrequent switchers.

We have seen encouraging progress in our core Price Comparison business. GoCompare's £250 excess proposition has been well received by customers, leading to a strong increase in car insurance conversion and driving underlying revenue growth of +4%[1] in Q4 2019 (vs. Q4 2018) for this part of the business.

We use our technology and scale to inform, inspire and support our partners to drive up standards across the industry. In 2019, we built a strong tech platform to significantly grow our customer base across all our businesses and deliver value for our shareholders.

In 2020, we will continue to highlight our ambition to save as many people as possible, as much money as possible – year after year. Going forward, we are well positioned to unlock our potential, drive growth and execute our Group strategy.

Matthew Crummack
GoCo Group CEO

Notes:
1. Underlying car insurance revenue versus Q4 2018.
2. Live customers are defined as those who have provided full switching authority to enable a switch, net of churned customers.

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Financial Review

2019 followed a disciplined approach to financial performance, using cash generated from the Price Comparison business to fund expansion of the AutoSave business.

Net debt increased by £4.1m in the year to £71.6m (2018: £67.5m) with the Group having made external dividend payments of £5.0m (2018: £6.3m). Investment in customer acquisition in the AutoSave business has been funded through internal cash generation, delivering growth in live customers from less than 1,000 at the end of 2018 to 300,000 by the end of the year.

Highlights

	2019	2018	Movement
Revenue	**£152.4m**	£152.6m	-0.1%
Price Comparison marketing margin	**47.1%**	46.4%	+0.7%pts
Operating profit	**£20.3m**	£37.5m	-45.9%
Adjusted operating profit	**£26.5m**	£44.0m	-39.8%
Leverage	**2.2x**	1.5x	+0.7x
Basic EPS	**3.0p**	6.5p	-53.8%
Adjusted basic EPS	**4.3p**	7.8p	-44.9%

Group revenue was broadly flat at £152.4m (2018: £152.6m), as the first half of 2019 saw a continuation of the challenging market conditions in Price Comparison experienced during 2018, with falling car insurance premiums reducing the number of consumers switching their car insurance provider. Market conditions improved in the second half of the year and the Group launched a new car insurance proposition, free £250 excess, which has contributed to a return to modest underlying growth in revenue in this vertical in Q4 2019. The reduction in Price Comparison revenue has been largely offset by AutoSave revenue of £7.0m (2018: £0.0m), reflecting the strong growth in live customers to 300,000 by the end of 2019.

Despite a step-up in Price Comparison distribution costs in the second half of the year as the Group invested in above-the-line advertising, the disciplined approach to generic paid search has contributed to Price Comparison marketing margin increasing to 47.1% (2018: 46.4%).

The investment in customer acquisition in the AutoSave business has been the primary driver of the £17.2m reduction in operating profit to £20.3m (2018: £37.5m) and the £17.5m reduction in Adjusted operating profit to £26.5m (2018: £44.0m).

Leverage increased to 2.2x Adjusted EBITDA (2018: 1.5x), largely reflecting a reduction in Adjusted EBITDA to £32.3m (2018: £46.3m) primarily as a result of the investment in the AutoSave business, whilst net debt of £71.6m had only increased modestly from £67.5m at the end of 2018.

When reviewing performance, the Directors use several adjusted measures including Adjusted operating profit and Adjusted EBITDA, in order to remove the impact of items which arose due to acquisitions and did not arise from the day-to-day trading activities of the Group to better represent the Group's underlying performance. These are reconciled to their IFRS equivalents in the following tables as necessary.

Operating segments

Price Comparison

	2019 £m	2018 £m	Movement £m	Movement %
Revenue	**138.8**	144.4	(5.6)	(3.9)
Cost of sales	**(36.3)**	(42.8)	6.5	(15.2)
Distribution costs	**(37.1)**	(34.6)	(2.5)	7.2
Trading profit	**65.4**	67.0	(1.6)	(2.4)
Adjusted admin costs	**(14.5)**	(13.2)	(1.3)	9.8
Adjusted operating profit	**50.9**	53.8	(2.9)	(5.4)

The Price Comparison segment relates to the GoCompare price comparison business and the Energylinx price comparison businesses.

Total Price Comparison revenue of £138.8m was £5.6m lower than 2018 of £144.4m, driven by a £6.1m reduction in the revenue of GoCompare. This reduction reflects a combination of external and internal factors. The downward trend in car insurance premiums during the first half of 2019 led to fewer consumers looking to switch their car insurance provider, and consequently drove a reduction in the number of interactions. As in previous years, the Group adopted a disciplined approach to running the Price Comparison business and chose to forego transactions where the marketing cost required to generate a transaction exceeded the revenue generated. This approach resulted in lower cost of sales in the year and further contributed to the overall reduction in interactions of 3%. The unfavourable revenue impact arising from the reduction in interactions was partly offset by higher income per transaction with revenue per interaction broadly flat year on year.

Revenue from the Energylinx businesses in 2019 was £0.6m higher than the previous year, with the positive impact from the Group owning Energylinx for the whole of 2019 (compared to seven months in 2018) being largely offset by a change in the reporting segment for the revenue generated from switching customers of Look After My Bills. From July 2019 it was reported within the Group's AutoSave segment, being the date Look After My Bills was acquired by the Group and became part of the AutoSave business.

Cost of sales of £36.3m were £6.5m lower than 2018, largely as a result of a significant reduction in generic paid search spend on GoCompare during the second half of 2019, partly offset by the fulfilment costs of the free £250 excess proposition. The reduction in overall generic paid search spend reflected a decrease in the volume of spend, partly offset by cost per click inflation. The volume of spend reduced as the Group continued to focus on improving efficiency in paid search and instead increased investment in above-the-line advertising.

Distribution costs of £37.1m were £2.5m higher than the prior year as a result of higher brand paid search costs and increased investment in GoCompare above-the-line advertising in the second half of 2019 to support the launch of the new free £250 excess proposition. This investment is intended to increase consumer awareness and preference of the GoCompare brand.

In total, marketing costs in 2019 were £73.4m (2018: £77.4m) and trading profit was £65.4m (2018: £67.0m). The Price Comparison marketing margin in 2019 increased to 47.1% (2018: 46.4%), reflecting the disciplined approach to customer acquisition. Marketing margin is calculated as the difference between revenue and marketing expenditure (trading profit) divided by revenue. Marketing expenditure is defined as the total of cost of sales and distribution costs.

Adjusted admin costs increased by £1.3m to £14.5m in 2019. This reflects inflation, an increase in headcount working on the Price Comparison segment in the year, a full year impact of owning the Energylinx businesses and the impact of amortisation of development costs that were incurred in previous years.

AutoSave

	2019 £m	2018 £m	Movement £m	Movement %
Revenue	**7.0**	0.0	7.0	100.0
Cost of sales	**(5.2)**	–	(5.2)	100.0
Distribution costs	**(8.0)**	(0.1)	(7.9)	100.0
Trading profit	**(6.2)**	(0.1)	(6.1)	100.0
Adjusted admin costs	**(6.1)**	(1.1)	(5.0)	100.0
Adjusted operating profit	**(12.3)**	(1.2)	(11.1)	100.0

The AutoSave segment comprises the Group's weflip proposition, together with Look After My Bills which was acquired in July 2019. During the year, AutoSave has grown from less than 1,000 live customers at the end of 2018 to 300,000 at the end of the year. Revenue of £7.0m has been generated in 2019 (2018: £0.0m) with significant momentum being achieved during the second half of the year. Revenue represents fees paid by energy suppliers in relation to customers switched to them, with most suppliers paying annual fees upfront and a minority paying a monthly tenancy. Whilst customers provide full switching authority when they sign up to Look After My Bills, they are only switched to new energy providers when a new tariff is available which saves them money. Therefore, not all customers acquired in the year were switched to generate revenue for the Group in 2019.

Cost of sales of £5.2m (2018: £nil) relate to the cost of customer acquisition on marketing channels such as: social media, generic paid search and affiliates. The Group believes that an AutoSave customer will, on average, provide a multi-year revenue stream for the Group and thus when considering how much to invest in customer acquisition, consideration is given to the projected lifetime value of a customer and not just the revenue generated from the customer in the first year.

Distribution costs of £8.0m (2018: £0.1m) primarily relate to the cost of creating, producing and airing television adverts for the weflip brand. These costs were largely incurred in the first half of 2019, with spend being significantly reduced in the second half of the year following the acquisition of Look After My Bills and a subsequent change in the customer acquisition strategy for AutoSave.

Total marketing costs in 2019 were £13.2m (2018: £0.1m), all of which were expensed during the year.
Adjusted admin costs of £6.1m (2018: £1.1m) relate to the cost of staff, systems, premises and other costs of operating the

AutoSave segment, including the costs relating to Look After My Bills from the date of acquisition. The nature of the AutoSave business demands higher customer phone support than the Price Comparison business, and there has been a steady increase in the size of the customer services team during the year to reflect the growing customer base.

Rewards

	2019 £m	2018 £m	Movement £m	Movement %
Revenue	**6.6**	8.2	(1.6)	(19.5)
Cost of sales	**(2.1)**	(1.8)	(0.3)	16.7
Distribution costs	**(0.9)**	(0.8)	(0.1)	12.5
Trading profit	**3.7**	5.6	(1.9)	(33.9)
Adjusted admin costs	**(2.1)**	(2.8)	0.7	(25.0)
Adjusted operating profit	**1.6**	2.8	(1.2)	(42.9)

The Rewards segment generated revenue of £6.6m and a trading profit of £3.7m in 2019 compared to £8.2m and £5.6m respectively in 2018. The reduction in both revenue and trading profit is largely attributable to a reduction in organic search, reflecting a challenging market. Adjusted admin costs have reduced to £2.1m (2018: £2.8m), primarily as a result of lower headcount and lower systems costs compared to the prior year. Following the integration with the wider GoCo Group, the business now has a reduced cost base with efficiencies being gained with the staff and systems spend.

Administrative expenses

Administrative expenses excluding adjusting items, depreciation and amortisation increased by £4.4m compared to 2018, largely reflecting higher staff and system costs, with a full year of costs associated with the Energylinx businesses and six months of costs for Look After My Bills which was acquired in July 2019. A bad debt charge of £1.2m has also been incurred. This increase is partially offset by charges for the Group's property leases, which are now reflected as a depreciation expense under IFRS 16 and presented separately. The total headcount of the Group increased from 300 at the end of 2018 to 352 at the end of 2019, largely reflecting the acquisition of Look After My Bills (LAMB).

Adjusting items for 2019 include £2.3m of integration, restructuring and other corporate costs, £3.2m for the amortisation of acquired intangibles and £0.6m of transaction costs. The £2.3m of integration, restructuring and other corporate costs include £0.9m in respect of deferred consideration associated with the acquisition of the Energylinx businesses which is deemed to be remuneration related, £0.3m for onerous contracts that the Group has cancelled in the period and is no longer able to derive benefit from and £1.1m incurred in relation to a restructure of the Group's operating model. The £0.6m of transaction costs relate to fees associated with the acquisition of Look After My Bills, which completed in July 2019.

Adjusted operating profit, Adjusted EBITDA and Profit before tax

	2019 £m	2018 £m	Movement £m	Movement %
Revenue	**152.4**	152.6	(0.2)	(0.1)
Total marketing spend	**(89.5)**	(80.1)	(9.4)	11.7
Administrative expenses excluding adjusting items, depreciation, amortisation and loss on disposal	**(30.7)**	(26.2)	(4.5)	17.2
Adjusted EBITDA	**32.2**	46.3	(14.1)	(30.5)
Depreciation and amortisation	**(5.7)**	(2.3)	(3.4)	147.8
Adjusted operating profit	**26.5**	44.0	(17.5)	(39.8)
Amortisation of acquired intangibles	**(3.2)**	(2.3)	(0.9)	39.1
Foundation Award share-based payment charges	**(0.2)**	0.0	(0.2)	(100.0)
Integration, restructuring and other corporate costs	**(2.3)**	(3.6)	1.3	(36.1)
Transaction costs	**(0.6)**	(0.6)	–	–
Reassessment of deferred contingent consideration	**0.1**	–	0.1	100.0
Operating profit	**20.3**	37.5	(17.2)	(45.9)
Net finance costs	**(4.1)**	(3.2)	(0.9)	28.1
Share of loss of associate	**(0.4)**	(0.5)	0.1	(20.0)
Profit before tax	**15.8**	33.8	(18.0)	(53.3)

Operating profit reduced by 45.9% to £20.3m. Adjusted operating profit, calculated as the operating profit for the period after adding back the adjusting items, reduced by 39.8% to £26.5m.

Adjusted EBITDA for the period, calculated as the Adjusted operating profit for the period after adding back depreciation and amortisation, reduced by 30.5% to £32.2m. The reduction is primarily driven by marketing costs which have increased by £9.4m to £89.5m, primarily as a result of the investment to acquire customers in the AutoSave segment.

Depreciation and amortisation of £5.7m has increased by £3.4m (2018: £2.3m) and reflects the impact of the amortisation of capitalised development costs along with the impact of the adoption of IFRS 16 which reclassifies charges previously recognised as operating costs to depreciation. Amortisation of acquired intangibles of £3.2m (2018: £2.3m) relates to the Group's acquisitions of The Global Voucher Group Limited, Energylinx Limited, Energylinx for Business Limited (and its subsidiaries), and The Big Deal Inc. (along with its subsidiaries).

The Group incurred net finance costs of £4.1m, an increase of £0.9m on 2018, reflecting the impact of a higher interest margin with the higher average leverage during the year and the amortisation of fees from the Group's previous debt facility following the refinancing in October 2019. Net finance costs also includes a £0.1m charge for leases accounted for under IFRS 16 and a £0.1m charge unwinding the discount on deferred consideration for the LAMB acquisition.

The share of loss of associate reflects the Group's share of losses from Mortgage Gym Limited, accounted for as an associate of the Group until 5 June 2019.

Profit before tax of £15.8m has decreased by £18.0m (2018: £33.8m). This primarily reflects the investment in the AutoSave segment of £12.3m, higher depreciation and amortisation costs of £5.8m (2018: £2.3m) and higher interest costs.

Income tax expense

The Group's tax charge of £3.1m represents an effective income tax rate of 19.6%. This is higher than the current UK corporation tax rate of 19.0% because of acquisition related costs which are not deductible for tax purposes.

Earnings per share

	2019 (pence per share)	2018 (pence per share)	Movement (pence per share)
Basic earnings per share	**3.0**	6.5	(3.5)
Adjusted basic earnings per share	**4.3**	7.8	(3.5)
Diluted earnings per share	**3.0**	6.3	(3.3)

Basic earnings per share was 3.0 pence for 2019 compared to 6.5 pence for 2018. Adjusted basic earnings per share, which excludes the effect of adjusting items, was 4.3 pence, a decrease of 3.5 pence (44.9%) on 2018 and better reflects the earnings generated by the underlying business.

Cash and leverage

	2019 £m	2018 £m
Net cash generated from operating activities	**21.9**	35.5
Purchase of intangible and tangible fixed assets	**(10.0)**	(8.2)
Purchase of subsidiary investments	**(7.4)**	(45.6)
Purchase of equity investments	**–**	(1.3)
Cash acquired on acquisition	**1.4**	1.3
Net cash used in investing activities	**(16.0)**	(53.8)
Repayment of borrowings	**(5.0)**	(19.0)
Proceeds from borrowings, net of transaction costs	**6.8**	33.5
Payment of lease liabilities	**(0.8)**	–
Interest paid	**(2.4)**	(2.4)
Dividends paid to owners of the Parent	**(5.0)**	(6.3)
Net cash (used in) / generated from financing activities	**(6.4)**	5.8
Net (decrease) / increase in cash and cash equivalents	**(0.5)**	(12.6)
Cash and cash equivalents at beginning of year	**11.9**	24.5
Cash and cash equivalents at end of year	**11.4**	11.9

The Group operational cash flow of £21.9m during 2019 was lower than the £35.5m generated in 2018, reflecting the significant investment in the AutoSave business (£12.3m) (2018: £1.2m).

Net cash used in investing activities of £16.0m includes the purchase of Look After My Bills, the capitalisation of internal development costs as well as the purchase of external tangible and intangible assets. This is £37.8m less than the prior year, primarily due to lower expenditure on purchasing subsidiary investments.

Net cash used in financing activities of £6.4m was £12.2m higher than 2018, which included a net drawdown of £14.5m of borrowings in order to part fund the acquisition of subsidiary investments.

At the year end, the Group had cash of £11.4m (2018: £11.9m), with net debt of £71.6m (2018: £67.5m).

	2019 £m	2018 £m
Borrowings	**(83.0)**	(79.4)
Cash and cash equivalents	**11.4**	11.9
Net debt	**(71.6)**	(67.5)
Adjusted EBITDA	**32.2**	46.3
Leverage	**2.2**	1.5

Borrowings at 31 December 2019 were £83.0m, which after allowing for cash and cash equivalents of £11.4m resulted in net debt of £71.6m. The Group refinanced its debt facility in October 2019, securing a new facility of £120.0m, comprising a £105.0m multicurrency revolving credit facility and a £15.0m term loan. The facility runs for four years until October 2023 with the option of extending for a further year. At 31 December 2019, £68.0m of the revolving credit facility had been drawn along with the £15.0m term loan, resulting in total debt of £83.0m.

The Group's leverage at 31 December 2019 was 2.2x Adjusted EBITDA, an increase on the 1.5x at the end of 2018. This was primarily driven by the reduction in Adjusted EBITDA to £32.3m (2018: £46.3m), which reflects the investment in the AutoSave business. The leverage remains well within the banking covenant of <3.0x.

The Board does not target a specific leverage ratio but instead looks to optimise the capital structure of the Group, ensuring that cash is available for investments in opportunities that will drive shareholder value over the medium term as well as for paying dividends in line with the dividend policy. During 2019, the Board chose to invest in the AutoSave business as it strongly believes that this business will deliver returns to shareholders in the medium term.

Balance sheet

	2019 £m	2018 £m
Non-current assets	**76.1**	59.6
Trade and other receivables	**25.1**	27.0
Cash and cash equivalents	**11.4**	11.9
Current assets	**36.5**	38.9
Total assets	**112.6**	98.5
Borrowings	**80.0**	44.7
Other non-current liabilities	**7.7**	3.1
Non-current liabilities	**87.7**	47.8
Trade and other payables	**18.9**	23.4
Borrowings	**3.0**	34.7
Other current liabilities	**9.4**	4.6
Current liabilities	**31.3**	62.7
Total liabilities	**119.0**	110.5
Ordinary shares	**0.1**	0.1
Share premium	**2.7**	2.7
Retained earnings	**(9.2)**	(14.8)
Total equity	**(6.4)**	(12.0)
Total equity and liabilities	**112.6**	98.5

The Group's non-current assets of £76.1m (2018: £59.6m) rose in the year due to the purchase of Look After My Bills, additional capitalised development costs for 2019 and the recognition of the Group's property leases as tangibles assets following the adoption of IFRS 16. This has also resulted in the recognition of a lease liability.

Trade and other receivables decreased to £25.1m (2018: £27.0m). Whilst the total of accrued income and net trade receivables has increased by £1.0m due to the acquisition of Look After My Bills, this has been offset by a lower balance on prepayments, reflecting the timing of costs associated with the Group's adverts.

The decrease in trade and other payables to £18.9m (2018: £23.4m) reflects lower marketing and staff costs accruals. Other current liabilities includes £6.4m of deferred and contingent consideration associated with the Group's subsidiary investments which is payable during 2020.

Total borrowings have increased to £83.0m (2018: £79.4m), reflecting a net drawdown on the borrowing facilities of £3.6m. The reduction in current borrowings to £3.0m (2018: £34.7m) and the increase in non-current borrowings to £80.0m (2018: £44.7m) reflects the change in the debt facility in October 2019 which saw an increase in the revolving credit facility and a reduction in the term loan. The term loan has annual amortisation of £3.0m which is classified as current borrowings with the remainder of the term loan being classified as non-current borrowings. The revolving credit facility is a committed facility for the four year term for which any repayment before the maturity date is at the full discretion of the Group, and therefore the total balance is presented as non-current in the Statement of Financial Position.

Dividends

The Group declared and paid an interim dividend of £1.7m, equivalent to 0.4 pence per share. A final dividend of 0.5 pence per share has been recommended by the Board, which will be subject to shareholder approval at the AGM. Subject to this approval, the pay-out in respect of 2019 will be 20% of profit after tax (excluding adjusting items and their tax effect). The Group maintains a target dividend pay-out ratio of 20%–40% of post-tax profits.

Nick Wrighton
Chief Financial Officer

Imperial House, Imperial Way, Newport, NP10 8UH
Tel: +44 (0) 1633 654060 GoCoGroup.com

Principal Risks and Uncertainties

The table below sets out the risks identified as having the biggest potential impact on our strategic objectives.

External

Economic conditions and Brexit	**Legal and regulatory**
The Group's income is principally derived from commission earned from the provision of comparison and switching of financial and non-financial products for consumers in the UK.	The Group operates in a number of regulated markets, including insurance, utilities and money products. It is also subject to competition and data protection laws.
Impact A contraction in the UK economy, changes to fiscal policy or unexpected developments linked to Brexit may lead to worsening economic conditions and performance of the Group and its brands.	**Impact** Failure to comply with existing or adapt to changes in future regulatory requirements may have a fundamental impact on the Group's business model, reputation, operational and strategic and financial performance.
Mitigation • Regular review of market conditions. • Flexible cost base. • Diversity of revenue streams through acquisitions and internal initiatives. • Investment in scalable solutions across verticals and products.	**Mitigation** • Regular contact with regulators. • Specialist in-house Legal and Compliance resource with access to specialist external advice, when required. • Open and transparent culture. • Regulatory training and development.
Developments in 2019 • Acquisition of Look After My Bills (LAMB). • Development of the Group's AutoSave business with the Look After My Bills and weflip brands. • Increased focus on the energy comparison sector which has led to concentration of credit risk with some suppliers at certain points in time.	**Developments in 2019** • Engaged closely with the FCA, particularly with the implementation of the Insurance Distribution Directive. • Enhanced the Group's relationship with Ofgem, the energy regulator. • Implemented the FCA's SMCR regime. • Contributed to the CMA's 'online platforms and digital advertising' study.
Risk movement Stable	**Risk movement** Stable
Risk owner Matthew Crummack, Group CEO	**Risk owner** Nick Edwards, Group General Counsel

Strategic

Comparison	**AutoSave**	**Rewards**
The Group's GoCompare brand operates in highly competitive markets and generates a significant proportion of revenue from car and home insurance comparison.	The Group has invested significantly in the domestic energy comparison and switching sector. Through the launch of weflip and acquisition of Look After My Bills, the Group is seeking to tackle customer inertia for these products.	The Rewards segment, which includes the MyVoucherCodes brand, increases the breadth of customers and savings opportunities within the Group although the voucher codes market is highly competitive.
Impact The emergence of new competitors, changes of approach by existing competitors, or a fundamental change in the design and distribution of general insurance products may have a significant impact on market share, revenue and profit.	**Impact** A lack of suitable breadth of suppliers and partnerships, technology, effective customer acquisition strategies and consumer trust in the AutoSave concept may have a negative impact on market share, revenue and profit.	**Impact** Failure to develop and deliver compelling offers, maintain retailer panel strength and ensure a breadth of cost-effective marketing activities may have a negative effect on market share, revenue and profit.
Mitigation • GoCompare is well established in the price comparison sector. • Experienced customer acquisition team. • Comprehensive mix of offline, online, brand and non-brand marketing activities to drive cost-effective and efficient customer acquisition. • Strong relationships with partners and product providers to drive value-led pricing strategies.	**Mitigation** • Creation of the AutoSave segment to operate the weflip and LAMB brands in order to focus sector specific skills, knowledge and management in one location. • Separation of AutoSave marketing activity from the Group to enable sector specific approach.	**Mitigation** • Rewards is fully integrated with the Group's support functions. • Dedicated marketing resource to provide bespoke solutions for Rewards.
Developments in 2019 • The Comparison vertical remains extremely competitive and is dominated by four key players, including GoCompare. • New incentive launched in July 2019 to offer consumers up to £250 free excess cover to differentiate the brand and provide consumers with a reason to choose GoCompare. • Outsourced the provision of pet and bike insurance comparison to continue key focus on developing car and home insurance comparison proposition. • Investment in data science capabilities, enhancement of customer journeys and underlying technology capabilities.	**Developments in 2019** • Acquisition of LAMB to grow the AutoSave segment. • Continued development of SaveStack™, the Group's core technology platform, to support the AutoSave proposition. • Energy Partnerships team manages these relationships across all of the Group's energy comparison brands. • Work continues on aligning Energylinx and Look After My Bills to Group functions.	**Developments in 2019** • Further strengthened the Rewards marketing team resource with leads for each of the key areas of marketing. • Dedicated Tech resource for continual improvement in content automation and accessibility of the website.
Risk movement Stable	**Risk movement** New	**Risk movement** Stable
Risk owner Lee Griffin, CEO GoCompare	**Risk owner** Zoe Harris, CEO AutoSave	**Risk owner** Stefano Perino, VP Rewards

Operational

Tech, innovation and customer expectations	**People**
The Group is reliant upon high-performing tech and data science solutions in order to meet customer expectations for performance and experience through their device of choice.	The Group's success depends on its ability to attract, retain, motivate and develop people across the organisation. Performance is dependent on the industry, marketing and technical expertise of senior management and individuals at all levels within their teams.
Impact Insufficient investment in systems, databases, infrastructure and data science-led capabilities could lead to a negative impact on market share, revenue and profit.	**Impact** A lack of experienced, skilled and motivated people at all levels may have a detrimental impact on business and financial performance.
Mitigation • Comprehensive approach to development and testing across a wide range of devices and operating systems. • Flexible approach to change delivery, testing and release management. • Continued development in core tech infrastructure to support the Group's brands and platforms.	**Mitigation** • Skilled executive and senior leadership team with experience in running online brands and businesses. • Regular review of, and updates to, our reward packages. • Varied approach to talent acquisition. • Regular employee engagement activities that result in action and change. • Evolutionary approach to working practices to take advantage of emerging best practice, challenges, learning and success within the Group.
Developments in 2019 • Recruitment of a new CTO. • Nearshore outsourcing proof of concept to increase pace of delivery in an efficient way and to supplement existing Tech team skills.	**Developments in 2019** • Employee engagement survey completed by 99% of employees. • Action plans to address findings already underway. • Refresh of the annual performance management approach.
Risk movement Stable	**Risk movement** Stable
Risk owner Seb Chakraborty, Group CTO	**Risk owner** Matthew Crummack, Group CEO

Operational

Cyber and data

The Group derives its revenue principally through online interaction by customers with partners. The Group is exposed to a variety of cyber threats including DDoS attacks, malware and hacking that may result in the compromise of commercial and customer data.

Impact
Failure to manage, mitigate and respond to cyber-related incidents may lead to the unavailability of services and the unauthorised access or loss of data, leading to reputational damage, regulatory intervention and a negative effect on market share, revenue and profit.

Mitigation

- Continuous monitoring of the cyber threat landscape.
- Dedicated in-house information security resource.
- Business continuity and service resilience capabilities are tested regularly.
- Comprehensive cyber threat monitoring and alert systems.
- Use of external cyber specialists to undertake regular testing of the Group's websites and tech infrastructure.
- Group-wide Data Protection Officer in post.
- Established incident response management procedures embedded across the Group.

Developments in 2019

- Transfer of the GoCompare website to hybrid hosting arrangements.
- Continued investment in cyber threat management solutions.

Risk movement

Stable

Risk owner
Seb Chakraborty, Group CTO

Financial

The Group is exposed to a number of financial risks; principally credit risk, liquidity risk and interest rate risk. The Group is also subject to covenants on its lending facilities.

Impact
Failure to manage financial risks appropriately could lead to an adverse impact on the Group's financial performance and availability of cash.

Should the Group breach its lending covenants, its debt facility could be repayable immediately.

Mitigation

- Creditworthiness and due diligence checks on partners, suppliers and third parties.
- Regular monitoring of debtors and managing prompt payment of these.
- Cash flow forecasting and headroom monitoring to manage cash availability.
- Regular and timely reporting of Group financial performance to the CFO, Executive team and Board.

Developments in 2019

- The Group completed the refinancing of its debt facility.
- Integration of all the Group's finance activities into head office.
- Launch of new integrated finance, HR and payroll system across the Group.
- Recruited to further strengthen the finance team to support Group functions.

Risk movement

Stable

Risk owner
Nick Wrighton, Group CFO

Imperial House, Imperial Way, Newport, NP10 8UH
Tel: +44 (0) 1633 654060 GoCoGroup.com

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019 £m	2018 £m
Revenue	4	**152.4**	152.6
Cost of sales		**(43.5)**	(44.6)
Gross profit		**108.9**	108.0
Distribution costs		**(46.0)**	(35.5)
Administrative expenses		**(42.6)**	(35.0)
Operating profit	5	**20.3**	37.5
Analysed as:			
Adjusted operating profit	6	**26.5**	44.0
Amortisation of acquired intangibles		**(3.2)**	(2.3)
Integration, restructuring and other corporate costs		**(2.3)**	(3.6)
Transaction costs		**(0.6)**	(0.6)
Foundation Award share-based payment charges		**(0.2)**	0.0
Reassessment of deferred contingent consideration		**0.1**	–
Operating profit		**20.3**	37.5
Finance income	8	**0.0**	0.0
Finance costs	8	**(4.1)**	(3.2)
Share of loss of associate	13	**(0.4)**	(0.5)
		(4.5)	(3.7)
Profit before income tax		**15.8**	33.8
Income tax expense	9	**(3.1)**	(6.8)
Profit for the year		**12.7**	27.0
Other comprehensive income		**(1.5)**	0.2
Total comprehensive income for the year		**11.2**	27.2
Earnings per share (pence)	10		
Basic earnings per share		**3.0**	6.5
Diluted earnings per share		**3.0**	6.3

All amounts relate to continuing operations.

Included within administrative expenses above is £1.2m related to the impairment of trade receivables (2018: £nil), as detailed further in note 5.

Imperial House, Imperial Way, Newport, NP10 8UH
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Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 £m	2018 £m
Non-current assets			
Investments	12	**1.6**	1.5
Investment in associate	13	**–**	2.0
Goodwill	14	**37.2**	35.1
Intangible assets	14	**31.5**	18.8
Property, plant and equipment	15	**5.0**	1.5
Deferred tax asset	24	**0.8**	0.7
		76.1	59.6
Current assets			
Trade and other receivables	16	**25.1**	27.0
Cash and cash equivalents	17	**11.4**	11.9
		36.5	38.9
Total assets		**112.6**	98.5
Non-current liabilities			
Borrowings	19	**80.0**	44.7
Lease liabilities		**3.7**	–
Provisions for liabilities and charges	22	**0.4**	0.4
Deferred consideration	23	**–**	0.4
Deferred tax liability	24	**3.6**	2.3
		87.7	47.8
Current liabilities			
Trade and other payables	18	**18.9**	23.4
Current income tax liabilities	18	**1.9**	3.6
Borrowings	19	**3.0**	34.7
Lease liabilities		**0.7**	–
Provisions for liabilities and charges	22	**0.4**	1.0
Deferred consideration	23	**6.4**	–
Deferred tax liability	24	**–**	–
		31.3	62.7
Total liabilities		**119.0**	110.5
Equity attributable to owners of the Parent			
Ordinary shares	25	**0.1**	0.1
Share premium		**2.7**	2.7
Retained earnings		**(9.2)**	(14.8)
Total equity		**(6.4)**	(12.0)
Total equity and liabilities		**112.6**	98.5

The financial statements were approved by the Board on 2 March 2020 and signed on its behalf.

Matthew Crummack
Director

Nick Wrighton
Director

Registered no. 06062003

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital £m	Share premium £m	Profit and loss account £m	Total equity £m
At 1 January 2018	0.1	2.7	(36.9)	(34.1)
Profit for the year	–	–	27.0	27.0
Other comprehensive income for the year	–	–	0.2	0.2
Total comprehensive income for the year	–	–	27.2	27.2
Transactions with owners:				
Dividends	–	–	(6.3)	(6.3)
Share-based payments charge	–	–	1.6	1.6
Deferred tax recognised in equity	–	–	(0.4)	(0.4)
Total transactions with owners	–	–	(5.1)	(5.1)
At 31 December 2018	0.1	2.7	(14.8)	(12.0)
Adoption of IFRS 16 accounting adjustment	**–**	**–**	**(0.9)**	**(0.9)**
Restated total equity at 1 January 2019	**0.1**	**2.7**	**(15.7)**	**(12.9)**
Profit for the year	**–**	**–**	**12.7**	**12.7**
Other comprehensive income for the year	**–**	**–**	**(1.5)**	**(1.5)**
Total comprehensive income for the year	**–**	**–**	**11.2**	**11.2**
Transactions with owners:				
Dividends	**–**	**–**	**(5.0)**	**(5.0)**
Share-based payments	**–**	**–**	**0.2**	**0.2**
Deferred tax recognised in equity	**–**	**–**	**0.1**	**0.1**
Proceeds from shares issued	**0.0**	**–**	**–**	**0.0**
Total transactions with owners	**0.0**	**–**	**(4.7)**	**(4.7)**
At 31 December 2019	**0.1**	**2.7**	**(9.2)**	**(6.4)**

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Consolidated Statement of Cash Flows

As at 31 December 2019

	Note	**2019 £m**	2018 £m
Cash flows from operating activities			
Profit for the year before tax		**15.8**	33.8
Adjustments for:			
Depreciation of property, plant and equipment	15	**1.3**	0.5
Amortisation of intangible assets	14	**7.7**	4.2
Share-based payment charge	26	**0.1**	1.4
Share of loss of associate	13	**0.4**	0.5
Net finance costs	8	**4.1**	3.2
Changes in working capital:			
Decrease/(increase) in trade and other receivables	16	**1.9**	(4.3)
(Decrease)/increase in trade and other payables	18	**(4.1)**	3.4
Income tax paid		**(5.3)**	(7.2)
Net cash generated from operating activities		**21.9**	35.5
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(0.4)**	(0.5)
Purchase of intangible assets	14	**(9.6)**	(7.8)
Interest received	8	**0.0**	0.0
Acquisition of subsidiary investments	11	**(7.4)**	(45.6)
Cash acquired on acquisition	11	**1.4**	1.3
Purchase of equity investments	12	**–**	(1.3)
Net cash used in investing activities		**(16.0)**	(53.9)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	19	**6.8**	33.5
Payment of lease liabilities		**(0.8)**	–
Repayments of borrowings	19	**(5.0)**	(19.0)
Interest paid		**(2.4)**	(2.4)
Dividends paid	27	**(5.0)**	(6.3)
Net cash (used in)/generated from financing activities		**(6.4)**	5.8
Net decrease in cash and cash equivalents		**(0.5)**	(12.6)
Cash and cash equivalents at beginning of year		**11.9**	24.5
Cash and cash equivalents at end of year		**11.4**	11.9

Notes to the Financial Statements

For the year ended 31 December 2019

1. General information

GoCo Group plc ("the Company") and its subsidiaries (together, "the Group") provide internet-based platforms which enable consumers to save time and money on financial and non-financial products.

With effect from 24 May 2019, the Company changed its name from Gocompare.com Group plc to GoCo Group plc. The Company is a public limited company, which is listed on the London Stock Exchange and is incorporated in England and Wales. Its registered office is Imperial House, Imperial Way, Newport, NP10 8UH.

All of the Company's subsidiaries are located in the United Kingdom, with the exception of one holding company which is based in the United States. Note 31 sets out the full details of the Company's subsidiaries.

2. Summary of significant accounting policies

Basis of preparation

These financial statements present the GoCo Group plc consolidated financial statements for the year ended 31 December 2019, comprising the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, as well as comparatives for the year ended 31 December 2018.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for certain financial assets that are measured at fair value.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been presented in Sterling and rounded to the nearest hundred thousand. Throughout these financial statements any amounts which are less than £0.05m are shown by 0.0, whereas a dash (-) represents that no balance exists.

New accounting standards effective in this reporting period

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2019:

– IFRS 16, 'Leases';
– Prepayment Features with Negative Compensation – Amendments to IFRS 9;
– Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28;
– Annual Improvements to IFRS Standards 2015 – 2017 Cycle;
– Plan Amendment, Curtailment or Settlement – Amendments to IAS 19; and
– Interpretation 23 'Uncertainty over Income Tax Treatments'.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not significantly affect the current or future periods, with the exception of the change in accounting policies as a result of adopting IFRS 16. The Group elected to adopt the modified retrospective approach and therefore the comparative information has not been restated. The impact has been assessed as recognising total lease assets of £4.4m, lease liabilities of £5.2m and an adjustment to equity at 1 January 2019. The new standard has been applied to the Group's existing property leases in Newport and London.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease repayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received. The Group presents right-of-use assets within tangible assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of tangible assets.

Imperial House, Imperial Way, Newport, NP10 8UH
Tel: +44 (0) 1633 654060 GoCoGroup.com

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3%. The lease liability is measured at amortised cost using the effective interest method.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery or property that have a lease term of 12 months or less and leases of low-value assets including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Going concern
The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Directors have assessed the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and cash flows. Having performed this assessment, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements. The assessment of the Group's prospects and viability has considered the three-year period to 31 December 2022.

Basis of consolidation
Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Subsidiary companies are consolidated using the acquisition method.

Inter-company transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated.

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income ("OCI") is reclassified to the profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in OCI is recognised with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Gains and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Revenue
The Group recognises revenue in accordance with IFRS 15 – Revenue. The significant revenue streams and their recognition are as follows:

Price Comparison and AutoSave – revenue represents amounts receivable for insurance, utilities and other product introductions. The Group recognises this revenue when a policy is sold, a consumer signs up to a new tariff or, in limited cases, when a customer clicks through to the partner website. Revenue is measured at the fair value of the consideration received or receivable, net of an estimate of cancellations during the cooling-off period. Where revenue is accrued, this is estimated based on underlying metrics of customer interactions and is subsequently validated through sales data submissions made by the partners.

Rewards – revenue is generated through both commission and tenancy arrangements. For commissions, revenue is recognised when a consumer selects and uses an online voucher. Revenue is measured at the fair value of the consideration received or receivable, net of an estimate of cancellations. Revenue is accrued and validated through data and ultimately cash receipts received from the networks facilitating the transactions. Tenancy income represents income received for advertising and is recognised over the period the advert or campaign is made available on the website.

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Cost of sales, distribution and administrative expenses
Cost of sales comprise all costs which are directly attributable to marketing a specific product.

Distribution costs comprise all other marketing costs incurred which cannot be attributed to a specific product. Costs associated with the production of adverts are recognised in the Consolidated Statement of Comprehensive Income once the advert is available to the Group in a format ready for use, having been approved for airing or display. Costs associated with the broadcasting of adverts are expensed over the period in which the advert is aired or displayed.

Administrative expenses comprise all other staff, systems and remaining costs incurred.

Taxation
Current tax
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable income for the year. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date. Current tax assets and liabilities also include adjustments in respect of tax expected to be payable or recoverable in respect of previous periods.

Current tax relating to items recognised directly in equity or OCI is recognised in equity or OCI as appropriate.

Deferred tax
Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes, and the amounts used for taxation purposes. It is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recovered, using tax rates enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is recognised in profit or loss except to the extent it relates to a business combination, in which case the deferred tax is included as part of the assets and liabilities assumed for the purposes of calculating goodwill. Deferred tax relating to items recognised outside the income statement is recognised either in OCI or directly in equity as appropriate.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Intangible assets
Purchased software and licences are initially recorded at historical cost and subsequently amortised over their useful life which is typically up to three years. Amortisation is calculated on a straight-line basis and these assets are carried at cost less accumulated amortisation and any impairment charges. The carrying value is reviewed at every reporting date for evidence of impairment and the value being written down if any impairment exists.

Costs associated with maintaining computer software programs and incremental development of the existing website are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable, unique software products or transformation of website capabilities are recognised as intangible assets when the criteria required by IAS 38 are met. This means that it is technically feasible to complete the product or capability, that there are demonstrable economic benefits to the Group and that the Group has sufficient resources in order to complete the development.

The cost of internally generated software and website costs comprise directly attributable costs which are related to that product or capability. This includes the costs of the staff associated with the development work and an apportionment of certain overheads which are deemed to be directly attributable to the development work. From the point the intangible asset comes into use, it is then amortised over its expected useful life on a straight-line basis, which is typically up to three years. The intangible asset is reviewed for impairment whenever events or changes in circumstances indicate that the recoverable amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Other development costs which do not meet the capitalisation criteria in IAS 38 are recognised as an expense as incurred.

Acquired intangibles
Intangible assets acquired as part of a business combination are recorded at fair value at the date of acquisition. Intangible assets are subsequently stated at initial value less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the intangible assets, which are as follows:

Brand	5–10 years
Customer relationships	5–10 years
Technology and databases	5 years

Business combinations
The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial information prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values. Contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognised in profit or loss.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately. After initial recognition, goodwill is measured at cost less accumulated impairment losses. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Property, plant and equipment
Property, plant and equipment comprise fixtures, fittings and equipment (including computer hardware). Replacement or major inspection costs are capitalised when incurred if it is possible that future economic benefits associated with the item will flow to the entity and the costs can be measured reliably.

These assets are stated at cost less depreciation and accumulated impairment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to write off the cost less residual values of the assets over their economic lives. This has been set between three and ten years.

Residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Comprehensive Income in the year in which the asset is derecognised.

Impairment and revaluation of property, plant and equipment
Carrying values are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated and compared to the carrying value. The recoverable amount is the higher of the fair value of the asset, less costs to sell and the asset's value in use. Impairment losses are recognised through the Consolidated Statement of Comprehensive Income. Impairment may be reversed if conditions subsequently improve.

Financial assets
Recognition and initial measurement
Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement
The Group has elected to classify its equity investments as measured at fair value through other comprehensive income. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

All other financial assets, which comprise trade and other receivables and cash at bank, are classified as measured at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Group determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Impairment of financial assets
The Group assesses at each balance sheet date whether any financial assets held at amortised cost are impaired. Financial assets are impaired where there is evidence that one or more events occurring after the initial recognition of the asset may lead to a reduction in the estimated future cash flows arising from the asset. Impairment losses on financial assets classified as loans and receivables are calculated as the difference between the carrying value and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses and any reversals of impairments are recognised through the Consolidated Statement of Comprehensive Income. Objective evidence of impairment may include default on cash flows from the asset and reporting financial difficulty of the issuer or counterparty.

Derecognition of financial assets
A financial asset is derecognised when the rights to receive cash flows from that asset have expired or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

Financial liabilities
Classification, initial recognition and subsequent measurement
The Group's financial liabilities comprise borrowings and trade and other payables and are classified as measured at amortised cost. Financial liabilities are measured initially at fair value less directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Consolidated Statement of Comprehensive Income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if, and only if, the Group has a currently enforceable legal right to offset the recognised amounts and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Consolidated Statement of Comprehensive Income unless required or permitted by any accounting standard or interpretation.

Cash and cash equivalents
Cash and cash equivalents includes cash at bank and in hand.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of the expenditure required to settle a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Statement of Comprehensive Income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities
The Group discloses a contingent liability where it has a possible obligation as a result of a past event that might, but will probably not, require an outflow of economic benefits, or where there is a probable outflow of economic benefits which cannot be reliably measured.

Employee benefits
Pensions
The Group contributes to a defined contribution scheme for its employees. The contributions payable to this scheme are charged to the income statement in the accounting period to which they relate.

Bonus arrangements
The Group provides an annual bonus arrangement for employees. The levels of bonus paid is dependent on both the performance of the business and each individual's performance review. Bonuses are paid in respect of each calendar year and therefore an accrual is made based on the estimate of amounts to be paid subsequent to the year end.

Share-based payments
The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group.

Equity-settled share-based payments to employees are measured at the grant date at the fair value of the equity instruments (excluding the effect of non-market vesting conditions but including the effect of market vesting conditions). Fair value is not subsequently remeasured.

The fair value of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity, based on the best estimate of the number of awards which will ultimately vest unconditionally with employees. The estimate of the number of awards expected to vest (excluding the effect of market vesting conditions) is revised at each reporting date, with any consequential changes to the charge recognised in profit and loss.

Where equity-settled share-based payments are modified, any incremental fair value is expensed on a straight-line basis over the revised vesting period.

Share capital
Shares are classified as equity when there is no contractual obligation to transfer cash or other assets to holders of the financial instruments.

Leases
Company as a lessee – operating leases
Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Prior to the adoption of IFRS 16, payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. As explained in the new accounting standards effective in this reporting period note above, the Group has changed its accounting policy for leases where the Group is the lessee. This section also describes the new policy and the impact of the change upon the adoption of IFRS 16.

Finance costs
Finance costs comprise interest paid which is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest-bearing financial liability.

Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss other than differences arising from the translation of equity investments which are recognised in OCI, except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss.

Use of non-GAAP performance measures
In the analysis of the Group's results, certain financial performance measures are presented which may be prepared on a non-GAAP basis. The Board believes that these measures provide a useful analysis, allow comparability of performance year on year and present results in a way that is consistent with how information is reported internally. Items that are excluded from our adjusted measures include items which arose due to acquisitions or do not arise from the day-to-day trading activities of the Group.

The key non-GAAP measures presented by the Group are:

- Adjusted operating profit: defined as Operating profit after adding back amortisation of acquired intangibles, transaction costs, other exceptional corporate costs, fair value changes in contingent consideration and Foundation Award share-based payment charges
- Adjusted EBITDA: defined as Adjusted operating profit after adding back depreciation and amortisation
- Adjusted basic EPS: defined as Profit for the year, excluding adjusting items (after their tax effect) divided by the weighted average number of shares in issue for the year
- Marketing margin: calculated as the difference between revenue and marketing expenditure divided by revenue. Marketing expenditure is defined as the total of cost of sales and distribution costs.

The value and nature of all adjusting items are disclosed in note 6. Adjusted basic EPS is disclosed in note 10.

Adjusted EBITDA is a measure which is used in calculating one of the Group's financial covenants on its borrowings as well as a factor in determining the coupon rate. Adjusted operating profit is one of the factors used in assessing performance to determine remuneration for the Executive Directors and Senior Management. Marketing margin is used as a measure of the return the business makes on its marketing costs and therefore can be used to assess the effectiveness of the Group's marketing expense to generate revenue.

Standards, amendments and interpretations in issue but not yet effective
A number of new standards, amendments to standards and interpretations will be effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- *Amendments to References to Conceptual Framework in IFRS Standards*
- IFRS 17 *Insurance Contracts*
- *Definition of material (Amendments to IAS 1 and IAS 8)*
- *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*

3. Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates; however, the financial statements presented are based on conditions that existed at the balance sheet date.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and critical judgements in applying the Group's accounting policies
The key assumptions concerning the future, and other key sources of estimation uncertainty at each balance sheet date are discussed below:

Revenue recognition
The majority of the Group's revenue is derived from customers completing transactions with product providers (partners) and revenue is recognised at this point. The Group accrues revenue based on available data of transactions made through its partners. Any amounts estimated are based on underlying metrics of customer interactions which is subsequently validated through sales data submissions made by the partners. In addition, customers have the right to cancel their purchase of products during the cooling-off period, for which an estimate of the deduction to revenue is made for likely cancellations based on historical run rates for the various products. Whilst revenue is a significant balance for the Group and involves a level of estimation, the Directors have assessed that any reasonable change to this estimate would not lead to a material change in the amounts recognised.

Acquisitions
The process of determining the fair value and useful life of assets and liabilities acquired is inherently judgemental and there is a risk that the assumptions applied or basis of methodology could lead to the valuation of acquired intangibles or goodwill being misstated. The details of the assets and liabilities recognised are set out in note 11.

Impairment of goodwill and acquired intangibles
The Group holds goodwill and acquired intangibles in respect of business combinations which have occurred. In 2019, the Group recognised acquired intangible assets of £10.8m and goodwill of £2.1m in respect of the acquisition of This Is The Big Deal Inc. and its subsidiaries. In 2018, the Group recognised acquired intangible assets of £13.9m and goodwill of £32.6m in respect of the acquisition of The Global Voucher Group Limited, Energylinx Limited and Energylinx for Business Limited. Acquired intangibles include acquired brands, customer relationships, databases and technology. The Group is required to review goodwill annually for impairment and assess at each reporting period whether there is any indication that an asset may be impaired. Determining whether goodwill and intangible assets are impaired or whether a reversal of impairment of intangible assets should be recorded requires an estimation of the recoverable value of the relevant cash-generating unit, which represents the higher of fair value and value in use. The value in use calculation requires estimation of the future cash flows expected to arise from the cash-generating unit, discounted using a suitable discount rate to determine if any impairment has occurred. No impairment of goodwill or intangibles has been identified at 31 December 2019.

Share-based payments
The Group has entered into a number of equity-settled share-based payment arrangements in the current and prior year. The accounting for these requires estimation and involves a number of assumptions with regard to the model inputs, vesting period and expected performance of the business. The Group determines the inputs based on historical, forecast and market data sources as applicable. Fair value of the awards at the point of grant are valued using either Black-Scholes or Monte-Carlo simulation models. Details of these share schemes, inputs and modelling are set out in note 26.

Valuation of investments
The Group holds minority shareholding investments in companies which are unquoted. The process of determining the fair value of these equity investments is inherently judgemental due to the companies being unquoted and by virtue of them being in a start-up phase. The fair value of the investments has been determined with reference to financial forecasts and achievement of

key milestones compared to the timings of those set out at the point of GoCompare's investment. The Directors have also considered the valuation determined by reference to the purchase price paid by other investors. Details of the investments and basis for the determined valuation are set out in note 12.

Accounting for capitalised development costs
The Group has an accounting policy to capitalise internally generated development costs where they are directly attributable to the creation of identifiable, unique software products or transformation of website capabilities. Identified costs include staff costs and an allocation of overheads deemed to be directly attributable to the development work. The useful life over which these assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. The Group has a policy to amortise the costs identified in relation to these projects over a period of three years. Useful lives are periodically reviewed to ensure that they remain appropriate. The net book value of intangible assets is assessed for impairment where such a risk arises.

4. Segment information

Information reported to the Board (the Chief Operating Decision Maker) for the purposes of the assessment of segment performance is focused on the types of products customers have purchased. The Chief Operating Decision Maker reviews profit and loss items to operating profit at a segment level but does not review the assets and liabilities of the Group by reportable segments. Therefore assets and liabilities are reported on an aggregated basis for the Group. They are reported on the same basis as disclosed in the Consolidated Statement of Financial Position.

The weflip segment as presented in the Group's 2018 year-end financial reporting has been renamed AutoSave. AutoSave includes the revenue and costs relating to the Group's weflip brand. Following the acquisition of This Is The Big Deal Inc. and its subsidiaries, trading as Look After My Bills on 9 July 2019, revenue and costs arising from this brand have also been included in the AutoSave segment. The Group's reportable segments under IFRS 8 are as follows:

- AutoSave
- Price Comparison
- Rewards

Other than the segment name change, the identification and disclosure of the Group's segments are consistent with those detailed in the consolidated financial statements of the Group for the year ended 31 December 2018.

The accounting policies of the reportable segments are the same as the Group's accounting policies disclosed in note 2. The Group is considered to have one service being that of providing an internet-based product and price comparison website. All sales were made to external customers in the current and prior year.

Year ended 31 December 2019	**Price Comparison £m**	**Rewards £m**	**AutoSave £m**	**Total £m**
Revenue	**138.8**	**6.6**	**7.0**	**152.4**
Cost of sales	**(36.3)**	**(2.1)**	**(5.2)**	**(43.6)**
Distribution costs	**(37.1)**	**(0.9)**	**(8.0)**	**(46.0)**
Trading profit	**65.4**	**3.7**	**(6.2)**	**62.9**
Adjusted administrative expenses	**(14.5)**	**(2.1)**	**(6.1)**	**(22.7)**
Adjusted operating profit	**50.9**	**1.6**	**(12.3)**	**40.2**
Group costs				**(13.7)**
Group Adjusted operating profit				**26.5**

Year ended 31 December 2018	Price Comparison £m	Rewards £m	AutoSave £m	Total £m
Revenue	144.4	8.2	0.0	152.6
Cost of sales	(42.8)	(1.8)	–	(44.6)
Distribution costs	(34.6)	(0.8)	(0.1)	(35.5)
Trading profit	67.0	5.6	(0.1)	72.5
Adjusted administrative expenses	(13.2)	(2.8)	(1.1)	(17.1)
Adjusted operating profit	53.8	2.8	(1.2)	55.4
Group costs				(11.4)
Group Adjusted operating profit				44.0

5. Operating profit

Operating profit is stated after charging:

	Note	**2019 £m**	2018 £m
Employee benefit expense	7	**23.3**	22.2
Transaction costs	6	**0.6**	0.6

Integration, restructuring and other corporate costs	6	**2.3**	3.6
Depreciation of property, plant and equipment	15	**1.3**	0.5
Amortisation of intangible assets	14	**4.5**	1.8
Amortisation of acquired intangible assets	14	**3.2**	2.3
Operating lease payments		**0.9**	0.8
Impairment of trade receivables	16	**1.2**	–
Auditors' remuneration			
Audit of the consolidated and Company financial statements		**0 .2**	0.1
Audit of financial statements of subsidiaries of the Company		**0 .1**	0.1
Total audit fees		**0.3**	0.2
Fees for interim review		**0.0**	0.0
Other		**–**	0.0
Total non-audit fees		**0.0**	0.0
Total Group auditor remuneration		**0.3**	0.2

6. Adjusted operating profit

The following transactions occurred during the year which have been added back to Operating profit in arriving at Adjusted operating profit:

	2019 £m	2018 £m
Amortisation of acquired intangibles	**3.2**	2.3
Foundation Award share-based payment charges	**0.2**	(0.0)
Integration, restructuring and other corporate costs	**2.3**	3.6
Transaction costs	**0.6**	0.6
Reassessment of deferred contingent consideration (Look After My Bills)	**(0.1)**	–
	6.2	6.5

The Group acquired This Is The Big Deal Inc. and its subsidiaries, trading as Look After My Bills on 9 July 2019 and recognised acquired intangibles assets of £10.8m. Prior-year acquisitions of The Global Voucher Group Limited in January 2018 gave rise to acquired intangible assets of £10.8m, and in June 2018 the acquisition of Energylinx Limited and Energylinx for Business Limited resulted in recognition of £3.1m intangible assets. The intangible assets are being amortised over a period between three and ten years depending on their nature and the accounting charge, a non-cash item which arises on consolidation, is excluded from our Adjusted operating profit. The total charge for amortisation of acquired intangibles recognised in 2019 is £3.2m (2018: £2.3m).

Included within the acquisition price of Look After My Bills is £2.5m of deferred contingent consideration payable to the former shareholders, based on the number of successfully completed switches of consumer energy tariffs within the one year post-completion period. The consideration figure is based on management's best estimate of the forecast customer switches within the earnout period. In accordance with IFRS 13, the fair value has been reassessed at 31 December 2019 and based on the latest actual and forecast data, a £0.1m credit has been recognised in the Statement of Comprehensive Income as a result of the change in fair value.

Included within the acquisition purchase price of Energylinx Limited is £1.8m of deferred consideration payable to the former shareholders of the company. This payment will be made two years post-completion date subject to the former Director remaining employed by GoCompare at that point in time. Owing to this condition, the substance of this arrangement is deemed to be remuneration related and is therefore expensed over the two-year period of employment. A charge of £0.9m (2018: £0.4m) has been recognised during the period in respect of this and is presented within corporate costs in the table above.

These charges have been excluded in arriving at Adjusted operating profit on the basis that they relate directly to acquisitions, represent one off arrangements that are outside of the Group's normal policies and will not recur once the contingent consideration amounts are paid at the end of the earnout periods. The amount attributable to Look After My Bills is included within its own line above, whilst the amounts relating to the Energylinx businesses have been included within the category of integration, restructuring and other corporate costs.

Integration, restructuring and other corporate costs also includes £1.1m recognised in relation to restructuring of the Group's marketing and strategy functions along with certain other Senior Management roles. A further £0.3m has also been recognised for onerous contracts that the Group has cancelled in the period and is not able to drive any benefit from.

As part of the acquisition of This Is The Big Deal Inc. the Group incurred transaction fees of £0.6m (2018: £0.6m attributable to the acquisition of The Global Voucher Group Limited, Energylinx Limited and Energylinx for Business Limited).

In November 2016, the Group issued a number of Foundation Awards in the form of free shares to the Executive Directors and Senior Management. These vested in February 2019 and a final charge of £0.2m was recognised in the period. The Awards have been treated as an adjusting item by the Group in arriving at Adjusted operating profit, by virtue of their association with the listing, the quantum of shares and individual size of the Awards made in addition to the fact that they vest over a shorter two year period.

7. Employee benefit expense

Staff costs, including Directors' remuneration, were as follows:

	2019 £m	2018 £m
Wages and salaries	**20.4**	18.4
Social security costs	**2.3**	1.9
Share-based payment charge	**0.1**	1.4
Pension costs	**0.5**	0.5
	23.3	22.2

The average monthly number of employees, including Directors, during the year was:

	2019 No.	2018 No.
Service provision	**265**	223
Administration	**53**	46
Total	**318**	269

Directors' remuneration was as follows:

	2019 £m	2018 £m
Aggregate emoluments	**1.8**	1.8
Aggregate gains made on the exercise of share options	–	–
Aggregate amounts receivable under long-term incentive schemes	**0.6**	0.9
Company contributions to money purchase pension scheme	**0.1**	0.1
	2.5	2.8

8. Net finance costs

	2019 £m	2018 £m
Bank interest income	**0.0**	0.0
Interest expense on lease liabilities	**(0.1)**	–
Interest expense on unwinding of discount	**(0.1)**	–
Interest expense on bank borrowings	**(3.9)**	(3.2)
Net finance costs	**(4.1)**	(3.2)

9. Taxation

Analysis of the tax charge

The tax charge on the profit before income tax for the year was as follows:

	2019 £m	2018 £m
Current tax	**3.3**	7.1
Deferred tax	**(0.3)**	(0.3)
Income tax expense	**3.0**	6.8

The tax rate used for the calculations is the corporate tax rate of 19.0% (2018: 19.0%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction. The rates used are those that apply to the year the tax charge or credit is expected to materialise.

The expense for the year can be reconciled to the profit per the Consolidated Statement of Comprehensive Income as follows:

	2019 £m	2018 £m
Profit before income tax	**15.8**	33.8
Tax calculated at 19.0% (2018: 19.0%)	**3.0**	6.4
Effect of:		
Expenses not deductible	**0.1**	0.4
Adjustments in respect of prior years	**(0.1)**	(0.1)
Tax rate changes	**–**	0.1
Other	**–**	–
Income tax expense	**3.0**	6.8

Changes to the UK corporation tax rates were substantively enacted as part of 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.
In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from

19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

10. Earnings per share

a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2019	2018
Profit from continuing operations attributable to owners of the Parent (£m)	**12.7**	27.0
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
EPS (pence per share)	**3.0**	6.5

b) Diluted EPS

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2019	2018
Profit from continuing operations attributable to owners of the Parent (£m)	**12.7**	27.0
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
Adjustment for share options (m)	**9.1**	9.3
Weighted average number of ordinary shares for dilutive earnings per share (m)	**427.6**	427.7
Dilutive EPS (pence per share)	**3.0**	6.3

c) Adjusted basic EPS

	2019	2018
Profit from continuing operations attributable to owners of the Parent (£m)	**12.7**	27.0
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration, restructuring and other corporate costs, transaction fees and change in deferred contingent consideration, net of tax (note 6) (£m)	**5.3**	5.5
Adjusted profit from continuing operations attributable to owners of the Parent (£m)	**18.0**	32.5
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
Adjusted EPS (pence per share)	**4.3**	7.8

d) Adjusted diluted EPS

	2019	2018
Profit from continuing operations attributable to owners of the Parent (£m)	**12.7**	27.0
Adjustment for amortisation of acquired intangibles, Foundation Awards, integration, restructuring and other corporate costs, transaction fees and change in deferred contingent consideration, net of tax (note 6) (£m)	**5.3**	5.5
Adjusted profit from continuing operations attributable to owners of the Parent (£m)	**18.0**	32.5
Weighted average number of ordinary shares in issue (m)	**418.5**	418.4
Adjustment for share options (m)	**9.1**	9.3
Weighted average number of ordinary shares for dilutive earnings per share (m)	**427.6**	427.7
Adjusted diluted EPS (pence per share)	**4.2**	7.6

11. Business combinations

This Is The Big Deal Inc.

On 9 July 2019, the Group reached an agreement to acquire 100% of the share capital of This Is The Big Deal Inc, a holding company, registered in Delaware, US (and its UK registered trading subsidiaries) trading as Look After My Bills, 'LAMB', which is a leading UK energy auto-switching service provider. The business supplements the Group's AutoSave proposition with a transformative business model that has deeper customer relationships, leading to greater loyalty which should deliver sustainable recurring revenue and higher customer lifetime value.

The acquisition completed on 9 July 2019 being the point at which the Group had control and was able to direct the activities of the acquired companies. The business was acquired for initial cash consideration of £6.0m, deferred consideration of £2.5m and deferred contingent consideration of up to £4.0m (fair value on acquisition of £2.6m) payable after one year dependent on the number of applicable switches made within the defined period, and £1.4m working capital balance paid in November 2019.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition, the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. Separately identifiable intangible assets were recognised as part of the acquisition as detailed further below.

The net assets acquired and goodwill are as follows:

	On acquisition £m
Purchase consideration	12.4
Fair value of assets acquired (summarised below)	10.3
Goodwill	2.1

The goodwill recognised is attributable to Look After My Bills' leading position in the growing auto-switching market in the UK. The business combination is not expected to give rise to goodwill that is expected to be deductible for tax purposes.

The fair value of assets and liabilities arising on acquisition have been determined as follows:

	Fair value £m
Cash and cash equivalents	1.4
Trade and other receivables	1.8
Trade and other payables	(1.8)
Intangibles – Brand name	5.7
Intangibles – Customer relationships	4.6
Intangibles – Technology	0.5
Deferred tax arising on acquired intangibles	(1.9)
Fair value of net assets acquired	**10.3**

The fair value of trade and other receivables acquired is £1.8m which has a gross contractual value of £1.8m. The best estimate at the acquisition date of the contractual cash flows not to be collected is zero.

In the period from acquisition to 31 December 2019, the acquired business generated revenue of £4.0m and a trading loss of £0.2m. Had the acquisition completed on 1 January 2019, and the results consolidated from the commencement of the 2018 financial year, the acquired business would have generated revenue of £6.5m and £0.8m of trading profit. These amounts are based on the legal entity reporting and not directly comparable to how the entity is presented in the segmental reporting.

Intangible assets recognised on consolidation

i) Brand

£5.7m has been recognised in respect of the acquired brand name, representing its inherent value. The brand valuation has been determined using a relief from royalty approach. A brand royalty rate of 6% and a post-tax discount rate of 10% have been applied to the forecast revenues which are based on an expectation of the number of consumers who will sign up and switch their energy supplier through LAMB. The useful economic life has been assessed as ten years.

ii) Customer relationships

£4.6m has been recognised in respect of the customer relationships held by LAMB. The intangible value has been determined using a multi-period excess earnings model. A post-tax discount rate of 9% has been applied to forecast cash flows relating to the existing customers. The useful economic life of the customer relationships has been assessed as an average of seven years.

iii) Technology

£0.5m has been recognised in respect of the technology acquired in the acquisition. The technology has been valued using a replacement cost method. The business has developed technology which is able to capture customer data, ensure fuel switches occur at the appropriate time for these customers and handle batch processing of high volumes of customer switches. A post-tax discount rate of 10% has been applied. The useful economic life has been assessed as five years.

The Global Voucher Group Limited

On 10 January 2018 the Group acquired 100% of the share capital of The Global Voucher Group Limited (and its subsidiaries) trading as 'MyVoucherCodes' which is an online voucher code aggregator based in the UK. The business was acquired for cash consideration of £36.9m and the Group incurred direct costs of £0.8m in relation to the transaction which were charged to the income statement in the prior year.

MyVoucherCodes' strong position in retail vouchers is highly complementary to GoCompare's position as a leading provider of financial services and utilities comparison. GoCompare believes the acquisition will increase the opportunities for frequency of engagement with consumers who use both comparison and voucher websites, introduce offers to incentivise conversion on both GoCompare and MyVoucherCodes, and provide a new channel for existing GoCompare partners.

The purchase has been accounted for as a business combination under the acquisition method in accordance with IFRS 3. In calculating the goodwill arising on acquisition, the fair value of net assets acquired was assessed and no material adjustments from book value were made to existing assets and liabilities. Separately identifiable intangible assets were recognised as part of the acquisition as detailed further below.

The net assets acquired and goodwill are as follows:

	On acquisition £m
Purchase consideration	36.9
Fair value of assets acquired (summarised below)	10.3
Goodwill	26.6

The goodwill recognised is attributable to The Global Voucher Group Limited's profitability and its position as a leading UK voucher code site. The acquisition also benefits from various value creation synergies including interchange of traffic between GoCompare's and The Global Voucher Group Limited's websites and various cross-sell opportunities.
The fair value of assets and liabilities arising on acquisition have been determined as follows:

	Fair value £m
Cash and cash equivalents	0.7
Property, plant and equipment	0.0
Software	0.1
Intangibles – Brand name	0.9
Intangibles – Customer relationships	7.8
Intangibles – Technology	2.1
Trade and other receivables	2.5
Trade and other payables	(1.9)
Deferred tax arising on acquired intangibles	(1.9)
Fair value of net assets acquired	**10.3**

The fair value of trade and other receivables acquired is £2.5m, which has a gross contractual value of £2.7m. The best estimate at the acquisition date of the contractual cash flows not to be collected is £0.2m.

In the period from acquisition to 31 December 2018, the acquired business generated revenue of £8.2m and trading profit of £5.6m. Had the acquisition completed on 1 January 2018, and the results consolidated from the commencement of the 2018 financial year, the acquired business would have generated revenue of £8.4m and £5.6m of trading profit.

Intangible assets recognised on consolidation

i) Brand

£0.9m has been recognised in respect of the acquired brand name, representing its inherent value. MVC is one of the UK's leading voucher codes businesses with circa 2.5m monthly visits. The brand valuation has been determined using a relief from royalty approach. A brand royalty rate of 3.5% and a post-tax discount rate of 11.7% have been applied. The useful economic life has been assessed as 5 years.

ii) Customer relationships

£7.8m has been recognised in respect of the customer relationships held by The Global Voucher Group Limited. The intangible value has been determined using a multi-period excess earnings model. A post-tax discount rate of 11.7% has been applied to forecast cash flows relating to the existing customers. The useful economic life of the customer relationships has been assessed as an average of 5 years.

iii) Technology

£2.1m has been recognised in respect of the technology acquired in the acquisition. The entity has a website, mobile app and supporting infrastructure in order to enable customers to use the vouchers. The software infrastructure can also be used as a white label product to other providers. A post-tax discount rate of 11.7% has been applied. The useful economic life has been assessed as 5 years.

Energylinx Limited and Energylinx for Business Limited

On 13 June 2018 the Group acquired 100% of the ordinary share capital of Energylinx Limited and Energylinx for Business Limited (and its subsidiaries) for total consideration of £10.4m. Cash consideration of £8.2m was paid upfront, a working capital adjustment of £0.4m was paid in October following agreement of the completion balance sheet, and £1.8m deferred consideration is payable after 2 years if key personnel remain with the business. The purchase will be accounted for as a business combination under the acquisition method in accordance with IFRS 3.

Energylinx is a leading UK energy switching and price comparison service with strong commercial relationships. The business complements GoCompare's core price comparison services, provides a number of key partnerships in this sector and supports the Group's automation strategy, Savings as a Service.

The net assets acquired and goodwill are as follows:

	On acquisition £m
Purchase consideration	8.7
Fair value of assets acquired (summarised below)	2.8
Goodwill	5.9

The goodwill recognised is attributable to the profitability of the Energylinx businesses and its leading position as an energy price comparison website. The Group also expects to benefit from synergies, including Energylinx becoming the provider for GoCompare's energy comparison services.

The fair value of assets and liabilities arising on acquisition have been determined as follows:

	Fair value £m
Cash and cash equivalents	0.5
Property, plant and equipment	0.0
Intangibles – Brand name	0.7
Intangibles – Technology	1.0
Intangibles – Database	0.3
Intangibles – Customer relationships	1.1
Trade and other receivables	1.3
Trade and other payables	(1.6)
Deferred tax arising on acquired intangibles	(0.5)
Fair value of net assets acquired	**2.8**

Intangible assets recognised on consolidation

The fair value of trade and other receivables acquired is £1.3m, which have a gross contractual value of £1.5m. The best estimate at the acquisition date of the contractual cash flows not to be collected is £0.2m.

In the period from acquisition to 31 December 2018, the acquired businesses generated revenue of £6.4m and trading profit of £2.1m. Had the acquisition completed on 1 January 2018, and the results consolidated from the commencement of the 2018 financial year, the acquired business would have generated £8.8m and £3.7m of trading profit.

Intangible assets recognised on consolidation

i) Brand

£0.7m has been recognised in respect of the acquired brand name, representing its inherent value. The brand valuation has been determined using a relief from royalty approach. A brand royalty rate of 4.0% and a post-tax discount rate of 13.4% have been applied. The useful economic life has been assessed as 10 years.

ii) Technology

£1.0m has been recognised in respect of the Technology acquired in the acquisition. There is value to the website infrastructure for both Energylinx and Energylinx for Business which is used to provide the capability for the price comparison services. This technology is licensed to customers as a white label site through which Energylinx generates licence fee income. The technology valuation has been determined using a relief from royalty approach. A technology royalty rate of 8.0% has been applied, being the expected return generated from licensing this capability. A post-tax discount rate of 13.4% has been applied. The useful economic life has been assessed as 5 years.

iii) Databases

£0.3m has been recognised in respect of the databases acquired in the acquisition. Energylinx provides pricing data to energy partners and other customers. The valuation of the database has been determined using a relief from royalty approach. A database royalty rate of 2.0% and a post-tax discount rate of 13.4% have been applied. The useful economic life of the database has been assessed as 5 years.

iv) Customer relationships

£1.1m has been recognised in respect of the customer relationships held by Energylinx. The intangible value has been determined using a multi-period excess earnings model. A post-tax discount rate of 13.4% has been applied to forecast cash flows relating to the existing customers. The useful economic life of the customer relationships has been assessed as an average of 10 years.

None of the business combinations that completed during the year had any goodwill that is expected to be deductible for tax purposes.

12. Investments in equity instruments

On 30 June 2017 the Group acquired a minority shareholding in Mortgage Gym Limited ("MGL") for consideration of £1.0m. On 30 July 2018 the Group acquired additional shares in MGL, increasing the shareholding to 26%. As a result the investment in MGL was recognised as an associate from this point.

On 5 June 2019 MGL issued convertible loan notes to the majority shareholder, and warrants to the Group which can be fully exercised in three years time. If the loan notes are converted in full the Group will hold only 6% of the voting rights, until the warrant is exercised to bring the shareholding back to 26%. The loan notes are subject to a debenture giving the holder of the loan notes first priority ranking over the assets of the company. On balance, the Group is judged to have lost significant influence following the refinancing; therefore, the investment has been reclassified as an investment in equity instruments.

On 10 October 2017 the Group acquired a minority shareholding in Souqalmal Holdings Limited ("SHL") for consideration of £1.5m.

Both of the investments are classified as equity investments recognised at fair value through OCI, held at fair value and are both unquoted. Fair value is classified as level 3 within the IFRS 7 fair value hierarchy, as the inputs for their fair values are not based on observable market data.

	2019 **£m**	2018 £m
At 1 January	**1.5**	2.5
Additions	**–**	–
Reclassification from investment in associate to investment in equity instruments	**1.6**	–
Fair value gains/(losses)	**(1.5)**	0.2
Reclassification of investment in equity instruments to investment in associate	**–**	(1.2)
At 31 December	**1.6**	1.5

The equity investments are identified as follows:

	2019 **£m**	2018 £m
Souqalmal Holdings Limited	**0.6**	1.5
Mortgage Gym Limited	**1.0**	–
	1.6	1.5

Souqalmal Holdings Limited (SHL)
At the year end the valuation of SHL has been determined based on an assessment of the financial forecasts of the business alongside consideration of the purchase price paid by investors in the most recent funding round. In early 2020 SHL completed a funding round at a discount to previous funding rounds and which also resulted in the Group's shareholding being diluted. The investment in SHL is held in US dollars; therefore, this investment is also subject to US$/GBP exchange rate movements. Taking into account all of these factors, the Directors consider that the fair value of the Group's investment is now £0.6m which results in a fair value loss of £0.9m being recognised through Other Comprehensive Income in the year.

Mortgage Gym Limited (MGL)
At the year end, fair value has been determined based on an assessment of the latest financial forecasts of the business. A risk weighting has been applied to these forecasts and a discount rate applied in arriving at the fair value of £1.0 which results in a fair value loss of £0.6m being recognised through Other Comprehensive Income in the year.

The Directors consider that the fair values disclosed represent materially reasonable valuations of the two equity investments held.

13. Investment in associates

On 30 July 2018, the Group's equity interest in MGL increased to 26% and it became an associate of the Group from that date, until the Group lost significant influence, as per note 12, on 5 June 2019.

MGL is a digital mortgage robo-adviser based in the UK and is a private entity that is not listed on any public exchange.

The Group's interest in MGL was accounted for using the equity method in the consolidated financial statements up until 5 June 2019. The table below reconciles the carrying amount of the Group's interest in MGL from 31 December 2018 to the date that the Group lost significant influence on 5 June 2019, and through the transfer of the carrying value of the investment.

The following table summarises the financial information of MGL as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in MGL. The information for 2018 presented in the table includes the results of MGL only for the period from 30 July to 31 December 2018, because MGL became an associate on 30 July 2018, until the Group lost significant influence on 5 June 2019.

	£m
Carrying value of investment in associate at 31 December 2018	**2.0**
Group's share of total comprehensive income for the year (26%)	(0.4)
Carrying value of investment in associate at 5 June 2019	1.6
Reclassification to investment in equity instruments	**(1.6)**
Carrying value of investment in associate at 31 December 2019	**–**

	2019 **£m**	2018 £m
Non-current assets	**–**	0.9
Current assets	**–**	1.5
Non-current liabilities	**–**	–
Current liabilities	**–**	(0.4)
Net assets (100%)	**–**	2.0
Group's share of net assets (26%)	**–**	0.5

Revenue	–	0.0
Profit from continuing operations (100%)	–	(1.9)
Other comprehensive income (100%)	–	–
Total comprehensive income (100%)	–	(1.9)
Group's share of total comprehensive income for the period (26%)	**–**	(0.5)

14. Intangible assets

	Goodwill £m	Acquired intangibles £m	Software and website costs £m	Total £m
Cost				
At 1 January 2018	2.5	–	2.2	4.7
Additions	32.6	13.9	7.8	54.3
Disposals	–	–	(0.3)	(0.3)
At 31 December 2018	**35.1**	**13.9**	**9.7**	**58.7**
Additions	2.1	10.8	9.6	22.5
Disposals	–	–	(1.6)	(1.6)
At 31 December 2019	**37.2**	**24.7**	**17.7**	**79.6**
Accumulated amortisation				
At 1 January 2018	–	–	0.8	0.8
Amortisation charge	–	2.4	1.8	4.2
Disposals	–	–	(0.2)	(0.2)
At 31 December 2018	**–**	**2.4**	**2.4**	**4.8**
Amortisation charge	–	3.2	4.5	7.7
Disposals	–	–	(1.6)	(1.6)
At 31 December 2019	**–**	**5.6**	**5.3**	**10.9**
Net book value				
At 31 December 2019	**37.2**	**19.1**	**12.4**	**68.7**
At 31 December 2018	35.1	11.5	7.3	53.9

Capitalised development costs are not treated as a realised loss for the purpose of determining distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

Impairment review

Goodwill recognised includes amounts arising on the acquisitions of Gocompare.com Limited, The Global Voucher Group Limited, Energylinx Limited, Energylinx for Business Limited and Look After My Bills . Goodwill arising in a business combination is allocated on acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

Goodwill allocated by CGU

The CGUs that represent the lowest level within the Group at which goodwill is monitored for internal management purposes are defined by the business as follows:

- Gocompare.com
- The Global Voucher Group Limited ("GVG")
- Energylinx Limited and Energylinx for Business Limited ("ELX")
- Look After My Bills ("LAMB")

The carrying amount of goodwill allocated to each CGU is as follows:

CGU	As at 31 December 2018 £m	Arising on acquisition £m	**As at 31 December 2019 £m**
Gocompare.com	2.5	–	**2.5**
GVG	26.6	–	**26.6**
ELX	6.0	–	**6.0**
LAMB	–	2.1	**2.1**
Total	35.1	2.1	**37.2**

Impairment review

For the assessment carried out at 31 December 2019, no impairment charge has arisen. The recoverable amount of the cash-generating units was determined by measuring their value in use ("VIU"), which is determined using cash flow projections derived from financial plans approved by the Board covering a three-year period. The cash flows reflect the Board's expectations of revenue and operating cash flows which are based on past experience and future expectations of performance. The key VIU assumptions attributable to the CGUs are:

Imperial House, Imperial Way, Newport, NP10 8UH
Tel: +44 (0) 1633 654060 GoCoGroup.com

Assumption	Gocompare.com	GVG	ELX	LAMB
Pre-tax discount rate	12%	13%	13%	12%
Long-term growth rate	2%	2%	2%	2%
Number of years forecast before terminal growth rate applied	3	3	3	3

The estimated future cash flows have been discounted to their present value using the pre-tax discount rates above (2018: 14%) to reflect current market assessments of the time value of money. This is calculated based on an assessment of a relevant peer group's weighted average cost of capital ("WACC"). The pre-tax discount rate for the GVG CGU is lower in 2019 compared to that used in 2018 as a result of a change in the strategy for the GVG business and therefore reflects a forecast with lower risk involved with the cash flows.

Cash flows beyond the three-year period have been extrapolated using perpetuity growth rates. A terminal value growth rate of 2% (2018: 2%) has been applied in each period to extrapolate the cash flows into perpetuity. Growth has been capped at this rate so as not to exceed the long-term expected growth rate of the UK where the CGUs operate.

Sensitivity analysis

We have conducted sensitivity analysis on each CGU's VIU. This included either increasing the discount rates, reducing the long-term growth rates or reducing the anticipated future cash flows through the reduction to revenue or increase in costs through to the terminal year.

The Board is comfortable that a reasonable change in the underlying assumptions attributable to the Gocompare.com, ELX & LAMB CGUs would not indicate an impairment. However, for the GVG CGU, the excess headroom under the base case assumptions of £5.1m compared with the carrying value of £33.6m inclusive of acquired and other intangible assets could be reduced to zero, or to an amount below the carrying value as a result of a reasonably possible change in one or more of the key assumptions.

The business is forecasting significant improvement in organic search performance over the forecast cash flow period. Revenue from organic search is forecast to grow by 137% by 2022 relative to 2019 as the business delivers upon its planned improvements. The majority of this increase relates to anticipated recovery of lost performance in 2019 with forecast revenue in 2022 being only 23% higher than that achieved by the business in 2018.

The organic search improvement does not, by its nature, lead to a corresponding increase in marketing related expenses. Also, there is a relationship between organic search and tenancy revenue with commercial partners being willing to pay more for advertising space on the website if the number of visits to the site increases. Tenancy revenue is forecast to grow by 76% by 2022 relative to 2019. These assumptions are all material to the future cash flows, and are included within the sensitised scenarios shown within the table below.

Sensitivity	Headroom/ (Impairment) £m
1% increase in discount rate	1.0
1% reduction in long-term growth rate	1.6
SEO revenue growth of 20% in 2020, 2021 & 2022	(0.6)
Tenancy revenue growth of 10% in 2020, 2021 & 2022	(0.8)
10% reduction in total revenue for each year through to terminal year	(4.4)
10% increase in total costs for each year through to terminal year	(0.5)

On the basis of the above, whilst a reasonable change in some of the underlying assumptions attributable to the GVG CGU decrease the VIU to below the carrying value, the base case model remains the Directors' best estimate of the CGU's future cash flows, and therefore the Directors remain comfortable that the carrying amounts of the non-financial assets related to all CGUs are recoverable.

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15. Property, plant and equipment

	Right-of-use assets £m	Fixtures, fittings and equipment £m	Total £m
Cost			
At 1 January 2018	–	2.8	2.8
Additions	–	0.5	0.5
Disposals	–	(0.3)	(0.3)
At 31 December 2018	**–**	**3.0**	**3.0**
Amounts recognised on adoption of IFRS 16	4.4	–	4.4
Additions	–	0.4	0.4
Disposals	–	(0.4)	(0.4)
At 31 December 2019 (restated)	**4.4**	**3.0**	**7.4**
Accumulated depreciation			
At 1 January 2018	–	1.3	1.3
Depreciation charge	–	0.5	0.5
Disposals	–	(0.3)	(0.3)
At 31 December 2018	**–**	**1.5**	**1.5**
Depreciation charge	0.7	0.6	1.3
Disposals	–	(0.4)	(0.4)
At 31 December 2019	**0.7**	**1.7**	**2.4**
Net book value			
At 31 December 2019	**3.7**	**1.3**	**5.0**
At 31 December 2018	–	1.5	1.5

16. Trade and other receivables

	2019 £m	2018 £m
Trade receivables	**15.4**	12.0
Less: provision for impairment of trade receivables	**(1.6)**	(0.3)
Trade receivables – net	**13.8**	11.7
Prepayments	**3.3**	6.8
Accrued income	**7.5**	8.5
Other receivables	**0.5**	–
	25.1	27.0
Analysis of past due debt:		
1 – 30 days overdue	**3.4**	0.7
31 – 60 days overdue	**1.8**	0.4
61 – 120 days overdue	**1.0**	0.5
Over 120 days overdue	**0.3**	–
	6.5	1.6

Amounts disclosed in the analysis of past due debt are shown gross, prior to bad debt provisions being applied. The increase in amounts shown as 1 – 30 days overdue for 2019 has arisen as a result of timing of payments from customers around year-end and these amounts have been recovered in January 2020.

17. Cash and cash equivalents

	2019 £m	2018 £m
Cash at bank	**11.4**	11.9

18. Trade and other payables

	2019 £m	2018 £m
Trade payables	**6.3**	7.7
Corporation tax	**1.9**	3.6
Social security and other taxes	**1.5**	3.1
Accrued expenses	**10.8**	11.9
Deferred income	**0.3**	0.7
	20.8	27.0

19. Borrowings

	2019 £m	2018 £m
At 1 January	**79.4**	63.9
Changes from financing cash flows		
Drawdown of term loan borrowings	**15.0**	–
Repayment of term loan borrowings	**(55.0)**	(10.0)
Drawdown of borrowings under revolving credit facility	**68.0**	34.0
Repayment of borrowings under revolving credit facility	**(25.0)**	(9.0)
Interest paid on term loan	**(1.4)**	(1.7)
Term loan issue costs	**(0.1)**	-
Total changes from financing cash flows	**1.5**	13.3
Other changes		
Accrued interest	**1.5**	2.2
Term loan issue costs expensed on refinancing	**0.6**	-
Total other changes	**2.1**	2.2
At 31 December	**83.0**	79.4

On 21 October 2019, the Group completed the refinancing of its debt facility, comprising a £105.0m multicurrency revolving credit facility and a £15.0m term loan. This resulted in the previous facility being repaid in full, with the subsequent drawdown of £68.0m of the new RCF facility and the £15.0m term loan, resulting in total debt of £83.0m as at 31 December 2019.

The new facility matures in four years, during October 2023, with an option to extend for an additional year. The term loan has a required repayment of £3.0m per annum. The RCF is a committed facility for the four-year term for which any repayment before the maturity date is at the full discretion of the Group, and therefore the total RCF balance is presented as non-current in the Statement of Financial Position. As at 31 December 2019, the interest rate attributable to the RCF and term loan is 1.95% plus LIBOR.

At 31 December 2019 the Group had committed undrawn borrowing facilities of £37.0m.

20. Financial instruments

The following table sets out the financial assets and financial liabilities of the Group at year end. The carrying amounts of the Group's financial instruments are considered to be a reasonable approximation of their fair value and therefore no separate disclosure of fair values is given.

	2019 £m	2018 £m
Financial assets:		
Investments in equity instruments	**1.6**	1.5
Trade and other receivables	**21.3**	20.2
Cash and cash equivalents	**11.4**	11.9
	34.3	33.6
Financial liabilities:		
Trade and other payables	**17.1**	19.6
Deferred consideration	**6.4**	0.4
Borrowings	**83.0**	79.4
	106.5	99.4

The assumptions used in determining the fair value of the Group's investments in equity instruments, which are classified as level 3, are set out in note 12.

21. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Group's financial risk management strategy is focused on maintaining effective working capital management. This includes managing repayment of the Group's borrowings to meet covenants and minimise leverage, ensuring cash is available for the payment of dividends to shareholders and having cash which could be used for potential investment opportunities. Financial risk management is the responsibility of the Finance department under policies approved by the Board of Directors. The Board receives timely information regarding the Group's exposures and the mitigating actions taken to manage to financial risk.

The Group has limited exposure to foreign currency risk as substantially all of the Group's income and expenditure is denominated in Pounds Sterling.

Credit risk

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due in accordance with the term of the contract, causing the Group to incur a financial loss. The Group's primary exposure to credit risk is the amounts due from its partners.

The creditworthiness of potential partners is reviewed as part of a detailed due diligence check prior to becoming accepted as a partner. The integrity and creditworthiness of partners is regularly reviewed as part of the partner audit process. An analysis of all trade receivables past due as well as uninvoiced accrued income is produced on a monthly basis and there is proactive engagement with any partner which has a balance outstanding that is outside the agreed terms or where a large exposure may exist from an accrued income perspective. The Group has an allowance for doubtful accounts and provision is made for doubtful accounts at the point the Group has a reasonable expectation that a customer may not be able to settle its liability to the Group. An analysis of trade receivables past due is included within note 16.

Liquidity risk
Liquidity risk is the risk that the Group, although solvent, may not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

The primary liquidity risk of the Group is its obligation to pay amounts due to suppliers as they fall due and to ensure that the interest and principal repayments on its debt facility are also paid as they fall due. The Group is cash generative and has 30-day payment terms with all its key partners. Revenue for some areas of the Group is accrued which increases the lead time to the point of invoicing and ultimately when cash is received. Liquidity risk is managed through a regular performance monitoring process which includes cash flow forecasting against actuals. The Group plans its repayment of borrowings and dividend payments in line with cycles of cash generated from operations and also has access to drawdown on available committed borrowings facilities should this be required. The Group has in place a £105.0m committed revolving credit facility which is available to be drawn and repaid as required. At 31 December 2019, the Group had £68.0m drawn under this facility which, in the absence of a renewal being instructed by the Group, would require repayment. The Group has the ability and the expectation to renew the drawdown and therefore this balance will remain drawn until such a time that the Group chooses to repay the debt either in part or in full or when the term ends and the balance is required to be repaid.

The table below provides a maturity analysis of the Group's financial liabilities:

	Balance sheet amount £m	Gross contractual cash flows £m	Less than 3 months £m	Between 3 months and 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 December 2019							
Trade and other payables	**18.6**	**18.6**	**16.7**	**1.9**	**–**	**–**	**–**
Deferred consideration	**6.4**	**6.4**	**–**	**6.4**	**–**	**–**	**–**
Borrowings	**83.0**	**84.2**	**–**	**3.4**	**3.3**	**77.5**	**–**
At 31 December 2018							
Trade and other payables	22.8	22.8	20.5	2.3	–	–	–
Deferred consideration	0.4	0.4	–	–	0.4	–	–
Borrowings	79.4	83.6	25.0	11.5	11.2	35.9	–

Interest rate risk
The Group's interest rate risk arises from its borrowings, which are issued at a variable rate of interest and therefore net finance costs could be adversely impacted by an increase in the LIBOR rate. In addition, the coupon rate applied to the debt varies depending on the leverage of the Group's borrowings. The Group has considered a reasonably possible scenario of interest rates rising by 1% over the next 12 months which would lead to an additional interest cost of £0.8m (2018: £0.8m) based on the principle of borrowings outstanding at the year end. Whilst the Group has an exposure to interest rate risk, hedging has not been applied. In line with the Group's financial risk management strategy, the potential impact of a reasonably likely increase in interest rate is deemed to be acceptable in the context of the Group's overall forecast earnings and hedging is not currently deemed to be a cost-effective way of managing this risk.

The Group has the ability to repay borrowings early and considers the benefit of doing this as part of its wider working capital management and investment strategy.

Capital management
The Group's objective in managing capital is to safeguard its ability to continue as a going concern and for it to deliver on its strategic objectives. This includes ensuring there are sufficient funds for the repayment of the Group's borrowings, payment of dividends to shareholders, capital investment and to have funds available for potential investment opportunities. The cash balances of the Group are held with Lloyds Bank plc and The Royal Bank of Scotland Group plc, which have credit ratings of A1 and A2 respectively (2018: A1 and A2). The Group is subject to financial covenants as part of its Debt Facility Agreement and therefore capital resources are also managed to ensure that these are complied with. Additionally, one of the Group's subsidiaries is subject to regulatory capital requirements and this is also taken into account when managing the Group's capital resources.

Capital comprises share capital, share premium and reserves (together total equity as set out in the Statement of Changes in Equity) as well as borrowings.

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22. Provisions for liabilities

	Provisions £m
At 1 January 2018	1.1
Released/utilised in the year	0.4
(Credited)/charged to profit and loss in the year	(0.1)
At 31 December 2018	1.4
At 1 January 2019	**1.4**
Released/utilised in the year	**(0.7)**
(Credited)/charged to profit and loss in the year	**0.1**
At 31 December 2019	**0.8**

Included within provisions at 31 December 2019 are amounts for:

- 'Not taken up' provision – an estimate is made for policies which may be cancelled within the 14-day cooling-off period;
- Life clawback provision – an estimate of commission which may need to be paid back for life insurance policies that may be cancelled; and
- Dilapidation provision – an estimate of rectification work associated with the building which is leased by the Group.

The 'Not taken up' provision is expected to be settled fully within 12 months. The dilapidation provision is expected to be utilised or released at the point the Group vacates its current premises – the lease for which runs to 2028 with a break clause in 2023. A portion of the life clawback provision is expected to be utilised in the next 12 months, with the remainder in the subsequent three years.

Analysis of total provisions:

	2019 £m	2018 £m
Current	**0.4**	1.0
Non-current	**0.4**	0.4
Total	**0.8**	1.4

23. Deferred consideration

Deferred consideration has arisen as a result of the acquisitions made by the Group during 2018 and 2019. As set out in note 11, the acquisition of This Is The Big Deal Inc included deferred consideration of £2.5m and deferred contingent consideration of up to £4.0m. The fair value at the point of acquisition was determined as £5.2m and reassessed as £5.1m at year end. The contingent consideration is valued based on the present value of applicable forecast switches in the defined period at the agreed switch rate. Included within the purchase price of Energylinx Limited is £1.8m of deferred consideration which is charged to profit and loss over a two-year period. £0.9m has been charged during 2019 (2018: £0.4m).

	Deferred consideration £m
At 1 January 2018	–
Charged to profit and loss in the year	0.4
Charged/(credited) during the year as a result of fair value changes	–
Released/utilised in the year	–
At 31 December 2018	0.4
At 1 January 2019	**0.4**
Charged to profit and loss in the year	**0.9**
Deferred and contingent consideration arising on acquisition	**5.2**
Charged/(credited) during the year as a result of fair value changes	**(0.1)**
Released/utilised in the year	**–**
At 31 December 2019	**6.4**

Analysis of deferred consideration:

	2019 £m	2018 £m
Current	**6.4**	–
Non-current	**–**	0.4
Total	**6.4**	0.4

24. Deferred tax

	Deferred tax assets £m	Deferred tax liabilities £m
At 1 January 2018	0.8	–
Arising on acquisition	–	(2.5)
Released/utilised in the year	–	–
Credited/(charged) to profit and loss in the year	0.5	0.2
Credited/(charged) to equity in the year	(0.6)	–
At 31 December 2018	0.7	(2.3)

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At 1 January 2019	**0.7**	**(2.3)**
Released/utilised in the year	**(0.1)**	**–**
Arising on acquisition	**–**	**(1.9)**
Credited/(charged) to profit and loss in the year	**0.1**	**0.6**
Credited/(charged) to equity in the year	**0.1**	**–**
At 31 December 2019	**0.8**	**(3.6)**

Deferred tax balances are attributable to:

	2019 £m	2018 £m
Accelerated capital allowances	**–**	–
Share-based payments	**0.8**	0.6
Other timing differences	**0.0**	0.1
Total deferred tax asset	**0.8**	0.7
Accelerated capital allowances	**(0.3)**	(0.3)
Acquired intangibles	**(3.3)**	(2.0)
Total deferred tax liability	**(3.6)**	(2.3)

25. Share capital

	2019 £m	2018 £m
Called up and fully paid		
418,559,180 ordinary shares of £0.0002 each *(2018: 418,409,446 of £0.0002 each)*	**0.1**	0.1

The Group has a number of equity-settled share schemes in place. The maximum number of shares that may be issued under these existing award schemes is set out in note 26.

26. Share-based payments

The Group has a number of equity-settled, share-based compensation plans. These include the Foundation Awards, Performance Share Plans (PSP), Free Share Awards, Partnership and Save As You Earn schemes under the all-employee Share Incentive Plan (SIP). Details of these schemes are set out in the following pages. The share-based payment charge recognised in relation to each of the schemes is as follows:

	2019 £m	2018 £m
Foundation Awards	**0.2**	(0.0)
2017 PSP	**(0.5)**	0.6
2018 PSP	**(0.1)**	0.6
2019 PSP	**0.3**	–
Free Share Awards	**0.0**	0.0
Partnership Shares	**0.1**	0.1
Save As You Earn Schemes	**0.1**	0.1
	0.1	1.4

The following table shows the number of share options awarded, exercised and outstanding at the year end.

	000s of shares						
	Foundation Awards	2017 PSP	2018 PSP	2019 PSP	Free share Awards	SAYE schemes	Total
At 1 January 2018	13,457	3,476	–	–	304	1,328	18,565
Awards granted during the period	–	–	3,259	–	–	300	3,559
Awards exercised during the period	–	–	–	–	–	–	–
Awards forfeited during the period	(321)	(426)	(470)	–	(37)	(115)	(1,369)
At 31 December 2018	**13,136**	**3,050**	**2,789**	**–**	**267**	**1,513**	**20,755**
Awards granted during the period	–	–	–	4,606	–	946	5,552
Awards exercised during the period	(3,153)	–	–	–	–	–	(3,153)
Awards forfeited, lapsed or cancelled during the period	(9,983)	(431)	(564)	(263)	(61)	(539)	(11,841)
At 31 December 2019	**–**	**2,619**	**2,225**	**4,343**	**206**	**1,920**	**11,313**

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price	Vesting date
Foundation Awards	nil	2019
2017 PSP	nil	2020
2018 PSP	nil	2021
2019 PSP	nil	2022
Free Share Awards	nil	2019
Save As You Earn – 2016	0.50	2019–2021
Save As You Earn – 2017	0.90	2020–2022
Save As You Earn – 2018	0.95	2021–2023
Save As You Earn – 2019	0.66	2022–2024

a) Foundation Awards

The Foundation Awards were issued under the PSP, which is a discretionary share plan for the Group's Executive and Senior Management. The Foundation Awards were granted on 15 November 2016, save for one award which was granted on 1 December 2016. The Awards are subject to financial performance conditions, against which performance will be tested at the end of 2017 and 2018. In February 2019 the Remuneration Committee confirmed a vesting level of 24% and an extension from a one-year post-vesting holding period to a two-year period from the vesting date of 28 February 2019 for the Executive Directors. Further information is set out in the Directors' Remuneration Report.

b) 2017 Performance Share Plan

The Group awarded an equity-settled Performance Share Plan (the 2017 PSP) to the Executive Directors and Senior Management. The 2017 PSP Awards were granted on 29 March 2017, save for one Award which was granted on 5 April 2017. The Awards are subject to an EPS growth performance condition, for which the fair value of the Awards was estimated using a Black-Scholes valuation model, and a total shareholder return (TSR) condition, which has been valued using a Monte-Carlo simulation. The inputs into the model were:

Share price at grant – 29 March 2017	£0.92
Share price at grant – 5 April 2017	£0.93
Exercise price	£nil
Volatility % p.a.	34.0%
Dividend yield % p.a.	nil
Risk-free rate %	1.10%
Expected life	3yrs
Fair value per share – TSR	£0.54
Fair value per share – EPS	£0.92

c) 2018 Performance Share Plan

The Group has awarded an equity-settled Performance Share Plan (the 2018 PSP) to the Executive Directors and Senior Management. The 2018 PSP Awards were granted on 28 March 2018. The awards are subject to an EPS growth performance condition, for which the fair value of the Awards was estimated using a Black-Scholes valuation model, and a total shareholder return (TSR) condition, which has been valued using a Monte-Carlo simulation. The inputs into the model were:

Share price at grant – 28 March 2018	£1.13
Exercise price	£nil
Volatility % p.a.	32.6%
Dividend yield % p.a.	nil
Risk-free rate %	1.10%
Expected life	3yrs
Fair value per share – TSR	£0.66
Fair value per share – EPS	£1.13

d) 2019 Performance Share Plan

The Group has awarded an equity-settled Performance Share Plan (the 2019 PSP) to the Executive Directors and Senior Management. The 2019 PSP Awards were granted on 3 April 2019. The awards are subject to an EPS growth performance condition, for which the fair value of the Awards was estimated using a Black-Scholes valuation model, and a total shareholder return (TSR) condition, which has been valued using a Monte-Carlo simulation. The inputs into the model were:

Share price at grant	£0.76
Exercise price	£nil
Volatility % p.a.	35.4%
Dividend yield % p.a.	nil

Risk-free rate %	1.10%
Expected life	3yrs
Fair value per share – TSR	£0.45
Fair value per share – EPS	£0.76

e) Share Incentive Plan – free shares
Upon listing on the London Stock Exchange in 2016, the Group offered all eligible employees a "free shares" award granting shares to each eligible employee free of charge, subject to a three-year service period. The details of the award are set out below:

Grant date	16 Dec 2016
Share price at grant	£0.70
Exercise price	£nil
Volatility % p.a.	50.0%
Dividend yield % p.a.	nil
Risk-free rate %	0.20%
Expected life	2.3 yrs

The volatility assumptions for the awards are based on an annualised rate of historical share price movements for the Group.

f) All-employee Save As You Earn scheme
The Group operates a Save As You Earn scheme whereby eligible employees will be able to save between £5 and £500 a month for a three or five-year period in order to use those savings to purchase shares at an exercise price which may not be manifestly less than 80% of the market value of a share at the date of invitation.

g) All-employee Share Incentive Plan ("SIP") partnership and matching shares
Eligible employees are able to buy shares using their pre-tax salary at their prevailing market value at acquisition. For every partnership share bought, employees are granted an additional free matching share. The plan is restricted to the lower of £1,800 and 10% of the employee's salary. Acquisitions of partnership shares will take place on a monthly basis with matching shares vesting three years after grant, subject to ongoing employment and retention of the partnership shares. Any dividends payable on the partnership and matching shares will be reinvested in dividend shares.

h) 2017 Deferred Bonus Plan ("DBP")
A portion of the annual bonuses for the Executive Directors are deferred into a share-based award (DBP Award) under the DBP. The intention is that DBP Awards will normally vest in three equal tranches on the first, second and third anniversaries of the grant date although the DBP will allow for the DBP Awards to be subject to different vesting schedules at the Board's discretion. If awards are made as nil-cost options, they will normally be exercisable (to the extent vested) from vesting until the tenth anniversary of the grant date.

Scheme limits
The rules of the various Plans described above provide that, in any ten year rolling period, not more than 10 per cent. of the Company's issued ordinary share capital may be issued under the combined Plans and under any other employee share plan adopted by the Company. In addition, the rules of the PSP and the DBP provide that, in any ten year rolling period, not more than 5 per cent. of the Company's issued ordinary share capital may be issued under these two schemes (and any other discretionary employee share plan adopted by the Company).

GoCo shares transferred out of treasury under the Plans will count towards these limits for so long as this is required under institutional shareholder guidelines. GoCo shares issued or to be issued pursuant to awards granted before Admission or in relation to the Foundation Awards (described above) will not count towards these limits. In addition, awards which are relinquished or lapse will be disregarded for the purposes of these limits.

27. Dividends

	2019 £m	2018 £m
Dividends paid during the year	**5.0**	6.3

In October 2019, a dividend of £1.7m was paid, equivalent to 0.4 pence per share.
In May 2019, a dividend of £3.3m was paid, equivalent to 0.8 pence per share.
In September 2018, a dividend of £3.3m was paid, equivalent to 0.8 pence per share.
In May 2018, a dividend of £2.9m was paid, equivalent to 0.7 pence per share.

28. Leases as a lessee (IFRS 16)

The Group leases all of its offices and two of these leases fall within the scope of IFRS 16. The Group's other offices do not meet the criteria by virtue of their short contractual terms.

Right-of-use assets

Right-of-use assets relate to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 15).

	Buildings £m
At 1 January 2019 – adoption of IFRS 16	4.4
Depreciation charge for the year	(0.7)
At 31 December 2019	3.7

Lease liabilities

The amount recognised in respect of non-cancellable operating leases at 31 December 2018 was £3.4m, which represents £3.2m when discounted using the incremental borrowing rate at the date of initial application. A £2.0m adjustment as a result of different treatment of extension options is also included to arrive at the £5.2m lease liability recognised upon the adoption of IFRS 16 on 1 January 2019, which represents the discounted future expected cash flows of these leases.

	2019 £m
Maturity analysis – contractual undiscounted cash flows	
Less than one year	**0.8**
One to five years	**2.6**
More than five years	**1.5**
Total undiscounted lease liabilities at 31 December	**4.9**
Lease liabilities included in the Statement of Financial Position at 31 December	**4.4**
Current	**0.7**
Non-current	**3.7**

	2019 £m
Amounts recognised in profit or loss	
Interest on lease liabilities	**0.1**
Capital repayments on lease liabilities	**0.8**

	2019 £m
Amounts recognised in the Statement of Cash Flows	
Total cash outflow for leases	**0.9**

29. Related parties

These financial statements consolidate the results of the Company and its subsidiaries. The nature of the Group's subsidiaries and their principal activities are set out in note 32. Intercompany transactions between entities that are members of the Group at year end and have been eliminated on consolidation are not disclosed, as per the exemption available in IAS 24.

The following transactions took place with related parties during the year:

a) Key management compensation

Key management includes the Executive and Non-Executive Directors of GoCo Group plc. The remuneration received by these Directors is disclosed in the Directors' Remuneration Report. The share-based payment charge in relation to Executive Directors is £0.0m (2018: £0.5m).

b) Other related party transactions

In the prior year the Group paid fees of £88,000 to a company in which one of the Directors of the Group has a controlling interest. The arrangement was made under normal commercial terms with consideration settled in cash and no outstanding balance at 31 December 2018. No such related party transaction occurred in the current year.

30. Ultimate Parent Company

GoCo Group plc (previously Gocompare.com Group plc) is a public limited company listed on the London Stock Exchange.

This is the largest and smallest group to consolidate the results of the Company and its subsidiaries at 31 December 2018 and 31 December 2019.

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31. Related undertakings

Set out below are the related undertakings of the Company at 31 December 2019:

	Country of incorporation	Class of shares held	Principal activity	Percentage of shares held
Direct undertakings				
Gocompare.com Finance Limited	United Kingdom	Ordinary	Financing company for the Group	100%
Indirect undertakings				
Gocompare.com Limited	United Kingdom	Ordinary	Internet-based price comparison website	100%
Gio Compario Limited	United Kingdom	Ordinary	Dormant	100%
Go Compare Limited	United Kingdom	Ordinary	Dormant	100%
The Global Voucher Group Limited	United Kingdom	Ordinary	Online voucher code aggregator	100%
Energylinx Limited	United Kingdom	Ordinary	Internet-based energy price comparison website	100%
Energylinx for Business Limited	United Kingdom	Ordinary	Internet-based energy price comparison website	100%
Energylinx for Business Trading Limited	United Kingdom	Ordinary	Non-trading	100%
Business Energy Online Limited	United Kingdom	Ordinary	Dormant	100%
Look After My Bills Limited	United Kingdom	Ordinary	Dormant	100%
This is the Big Deal Limited	United Kingdom	Ordinary	Trading	100%
This Is The Big Deal Inc.	Delaware, US	Ordinary	Holding Company	100%

The registered office of Energylinx Limited, Energylinx for Business Limited, Energylinx for Business Trading Limited and Business Energy Online Limited is The E-Centre, Cooperage Way Business Village, Alloa, Clackmannanshire, FK10 3LP. The registered office of This Is The Big Deal Inc. is 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808-1674, US.

The registered office of the Group's remaining undertakings is the same as the Group's registered address: Imperial House, Imperial Way, Newport, Gwent, NP10 8UH.

32. Full year results

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2019 or 2018 but is derived from those accounts. Statutory accounts for 2018 have been delivered to the registrar of companies, and those for 2019 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006

GoCo Group plc is registered in England and Wales
Company No. 6062003. Registered office as above