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28 February 2018
GoCompare.com Group plc preliminary results for the year ended 31 December 2017

Financial highlights and KPIs

	2017	2016	YOY
Revenue	**£149.2m**	£142.1m	+5.1%
Marketing margin	**40.5%**	38.3%	+2.2%pts
Operating profit	**£33.0m**	£21.9m	+50.1%
Adjusted operating profit[1]	**£36.0m**	£30.0m	+19.8%
Leverage[2]	**1.1x**	1.7x	(0.6x)
Basic EPS	**5.8p**	3.8p	+54.1%
Adjusted basic EPS	**6.5p**	5.7p	+13.5%
Savings made by customers[3]	**£1,187m**	£1,009m	+17.6%
Customer interactions[4]	**32.2m**	32.0m	+0.8%
Average revenue per interaction[5]	**£4.67**	£4.45	+4.9%

Business highlights:

- Strong financial performance in 2017 with adjusted operating profit +19.8% and revenue growth +5.1%, helping our customers save over £1.1bn
- Continued the strategic focus on strengthening the technology talent within the company increasing the number of engineers from 21 to 40
- Increased the frequency of change to our site and customer experience to many times per week (from once a quarter)
- Made minority investments in two start-up companies, Mortgage Gym and Souqalmal
- Announced the acquisition of The Global Voucher Group Limited, (trading as “MyVoucherCodes”), completed in January 2018
- Final dividend of 0.7 pence per share, taking the full year dividend to 1.4 pence per share

Sir Peter Wood, Chairman said: “The Group’s disciplined approach resulted in good growth in both revenue and adjusted operating profit. Strong financial performance was complemented by careful deployment of capital that saw the Group take minority stakes in two start-up companies, and culminated in the acquisition of another money-saving business, MyVoucherCodes. As we enter 2018, our focus will remain on delivering value for our shareholders.”

Matthew Crummack, Chief Executive Officer said: “From the strong foundation that we laid in 2016, we have further improved our capabilities to deliver the value to consumers that drive value for GoCompare.com. Building the strengths of our technology team enabled us to deliver more frequent and effective product enhancements, resulting in a marked improvement in both customer and partner experience. We remain focused on developing the business as the go-to place for people everywhere to save time and money.

“We continue to take a disciplined approach to improving marketing margin and driving revenue growth, alongside a fast and successful integration of the MVC business into the Group. The Board remains confident of meeting its expectations for the full year 2018, with performance being skewed towards the second half of the year.”

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Notes:

1. Adjusted operating profit represents operating profit, after adding back transaction costs and other exceptional corporate costs, fees in relation to listing and Foundation Award share-based payment charges
2. Leverage is calculated as net debt divided by Adjusted EBITDA. Adjusted EBITDA is defined as Adjusted operating profit after adding back depreciation and amortisation charges
3. Customer savings measured by Car and Home insurance savings calculated by applying the average Consumer Intelligence reported savings per customer across the year
4. 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
5. Revenue divided by customer interactions in a particular period
6. 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

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 delighted to present GoCompare.com Group plc's financial results for its first full year as an independently listed company. Since listing on the London Stock Exchange in November 2016, the Group has been on a journey full of change and innovation – at pace – resulting in an efficient, disciplined business that has its sights firmly set on delivering long term value to all stakeholders.

The people at GoCompare, led by our leadership team, have taken well to life as an independent company, continuing to embrace change and shape a business that we can all be proud to be part of. Our guiding ethos of 'helping people everywhere save time and money' is reflected in all aspects of what the Group does, with the aim of benefitting customers, partners, employees and shareholders.

With the development of a new strategy, strengthened skills, increased opportunities, a full-scale rebrand and the creative and logistical challenges that come with that, you might expect a little distraction to seep in. However, this has not been the case - the team in Newport has remained focused on delivery – of innovation, of improved customer experiences, and of disciplined growth – and this is reflected in 2017's financial performance.

Results

In 2017, GoCompare delivered strong financial results, underpinned by new processes. Our focus on engineering and tech deployments resulted in more frequent changes to the website, particularly improvements in the customer experience. This improvement in conversion saw more people complete their journey from entering their details to signing up with a supplier that met their needs.

The Group achieved revenues of £149.2m. This was an increase of 5.1% year-on-year. Operating profit increased from £21.9m to £33.0m and our adjusted operating profit increased by 19.8% from £30.0m to £36.0m.

We delivered revenue and profit growth, and our strong cash generation enabled us to deploy capital effectively.

The Board and leadership team

The Group has now benefited from the leadership of its Chief Executive Officer, Matthew Crummack, for 18 months. Matthew has been ably supported during that time by a strong team of innovators who are leaders in their fields.

Towards the end of 2017 Matthew led some important changes to the executive team. Jackson Hull becomes Chief Operating and Technology Officer, combining his technological and entrepreneurial skills to build on the momentum within GoCompare's tech and product development functions. And Lee Griffin, a founding member of the company, has taken on a new role as Founder and President, a position that sees him bringing his business experience and abilities as a disrupter to bear in support of the Group's investments, and to foster closer links with universities, schools and other agencies.

We have also strengthened our Board, welcoming Dr Ashley Steel and Joe Hurd as Non-Executive Directors who will provide additional depth and expertise.

Regulation and governance

The Group remains committed to adhering to the most robust regulatory, ethical and corporate governance standards in all of its activities.

Our commitment to quality extends to products and services that are not owned and operated by the Group. For example, we partner with several carefully selected organisations which also operate in regulated industries, such as broadband

and communications services, domestic and business energy, and banking and borrowing products. Our partner sourcing, integration and management process requires that these organisations comply with the relevant regulatory standard(s).

In 2017 we also saw the results of the Competition and Markets Authority's Digital Comparison Tools (DCTs) market study. The report was unambiguous – DCTs (which include comparison websites) save time, effort and money for millions of consumers. They make providers compete harder, resulting in lower prices, more innovation and better choices, and almost all (96%) users say they are very or fairly satisfied with DCTs. From GoCompare's perspective, this level of satisfaction is no surprise and is consistent with our aim to help people everywhere to save time and money.

We believe that our independent, free and fair approach is consistent with the overarching aims of the CMA's CARE (Clear, Accurate, Responsible and Easy to use) principles, and we are using these and the wider report to help guide our operations.

Capital management and dividends
Ours is a highly cash-generative business, and our cash deployment remains focused on four key areas: to meet operational and capital expenditure requirements, for the repayment of debt, dividends, and strategic investments and acquisitions.

An interim dividend of 0.7 pence per share was declared and paid during 2017 and a final dividend of 0.7 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 2017 will be 21% 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 2017 reflecting the investment in The Global Voucher Group Limited, trading as "MyVoucherCodes", which was completed in January 2018.

As was demonstrated in 2017, the Board will continue to look to invest surplus cash in ways that deliver shareholder value over the short to medium-term, while remaining focused on creating a business built for long-term performance.

Thank you
Any change, particularly a transformational journey such as the Group is on, can cause disruption. But we have managed to set ourselves up for growth, innovation and expansion – at pace – through the sheer hard work and determination of our exceptional employees. Through their relentless focus on our customers, and willingness to embrace new challenges, they have helped us deliver strong financial results and significant savings for customers.

Personally, and on behalf of all the Board, I would like to express our gratitude to everyone at GoCompare. From our base in Newport, South Wales, this relatively small, nimble and productive team deliver services that have helped more people save more money on both essential and discretionary financial and household services. That's something to be immensely proud of.

And of course, to our customers. Thank you for letting us help you find and apply for the right insurance policies, banking services, energy tariffs, broadband packages and more. Our promise to you, from the Board, management team and all GoCompare colleagues, is to remain unflinchingly focused on building new, better and more innovative resources that help you save time and money, without the hassle.

Sir Peter Wood, Chairman

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Chief Executive Officer's statement

Delivering control and discipline while investing in long term value

Since our FTSE premium listing in November 2016, we have consistently improved our speed of innovation and discipline in execution. Our business transformation and investment in quality people over the last year means we are now exercising strong control over the business while committing the necessary time and investment into long term value by driving consumer benefits.

This focus on disciplined speed of delivery has allowed us to achieve a year of improvement and financial results of which I am very proud:

- 19.8% year-on-year increase in adjusted operating profit, growing revenue by 5.1%
- Improved marketing margin from 38.3% to 40.5%, showing that our focus on making every marketing pound work harder for the business is paying off
- Double digit increases in core product conversion through an iterative approach to customer experience improvements
- Disciplined management of operations and our cost base

2017 saw an internal transformation in how we design and build software to power our customer experience. This was not a capital-intensive process, but a fundamental change to how we organised ourselves around fast-paced delivery of better-converting, customer-focused ideas. These improvements have allowed us to make more frequent changes to our site and customer experience. Implementation is now measured in days rather than quarters.

We have consolidated these strengths by investing carefully in engineering talent. We have almost doubled the number of full-time employed software engineers in our Newport team over the course of 2017, drawing on pools that range from school leavers through to highly experienced engineers from across the UK. This change in the mix of skills has been hugely beneficial and the vast majority has been expensed rather than capitalised.

GoCompare.com lives to drive better customer experience through better engineered experiences. This is the heart of what we do but, in tandem, our teams focused on marketing, external supplier and partner relationships, and corporate services to the business, are also in the process of transforming how they work.

Making consumers bothered so we can help them to find better value

Hardly a day passes without some talk of the need to improve the nation's financial literacy – consumer groups, politicians, government departments and the UK's campaigning media are keeping it high on the agenda and in the public consciousness. They are right: it's important. GoCompare.com's goal is to help people make ends meet - empowering them to make the right decisions and choices, while reducing the financial burden on the average household.

For many the internet is the key enabler, allowing them to do more than ever before. It can make previously laborious processes faster and easier. But a proliferation of data and information has also had the unintended consequence of making choices more difficult and confusing, which in turn increases apathy.

Our important role is to save people everywhere time and money. We do this by harnessing the best innovation that the internet and technological developments have to offer, coupled with our unwavering focus on 'best for' consumer outcomes and usability. Ultimately this will reduce complexity and enable people to make better decisions. Our 'savings as a service™' model is built on simplifying and automating choice in a way that removes hassle and gives people a reason to bother.

"Culture eats strategy for breakfast"
Our approach to driving a low capital intensive and fast-paced delivery company relies on building a strong culture of inclusion, empowerment and leadership at every level of the company.

GoCompare has always had a strong culture centred on doing the right thing for the customer, while fostering an enjoyable place to work. We've chosen to build on this, focusing everyone on behaviours that drive faster delivery of benefit for our customers, while developing opportunities for all those that seek it. When we asked our teams what makes a 'GoCoer', they summarised it as: genuine, fair, bold, open and driven.

We also launched our own diversity and inclusion initiative – inviting external speakers from our own Board, relevant businesses and the local community to help our team raise their own horizons and ambitions about what we can achieve. Alongside a number of other focused initiatives aimed at building a positive culture, these changes are getting great feedback from our team through our annual survey – with scores for sustainable engagement from our last employee survey at 90% (agree/tend to agree), +13% on 2016 and +13% relative to sector benchmark. The local and regional recruitment market is also hearing of these changes, and we now have a regular inflow of interest from relevant skills in areas like computer science, digital marketing and analytics.

Disciplined delivery is generating cash for 'savings as a service™'
The concentration on improvements to our core comparison business – GoCompare – has allowed us to generate strong cash, giving us the capability to deploy and allocate capital for future growth related to 'savings as a service™'. We met with many interesting start-up and established investment or acquisition businesses throughout the year that had potential to further our mission to 'help people everywhere save time and money'.

Our main 2017 investment activity was our acquisition of The Global Voucher Group Limited (trading as "MyVoucherCodes"), which we announced in December and closed on January 10, 2018. We are excited by this acquisition given that MyVoucherCodes complements GoCompare, allowing the new Group to increase not only the number of people it talks to but also how frequently.

We also made two minority investments into start-ups in the UK and the Middle East in 2017, and we hold regular knowledge exchanges with both companies:

- MortgageGym, the mortgage robo-adviser, is an exciting fintech start-up that's set to make waves in the mortgage market. We're excited to see how MortgageGym develops throughout 2018.
- Dubai-based Souqalmal.com, headed up by the ineffably energetic Ambareen Musa. The biggest comparison business in the Middle East, Souqalmal.com reminds us a lot of GoCompare from the early days – a strong commitment to helping customers by leveraging technical capabilities and industry connections.

Outlook
We continue to take a disciplined approach to improving marketing margin and driving revenue growth, alongside a fast and successful integration of the MVC business into the Group. The Board remains confident of meeting its expectations for the full year 2018, with performance being skewed towards the second half of the year.

In summary: we are creating a strong base for sustainable growth
We are proud of these results and they come from control, discipline and a single-minded focus on saving customers everywhere time and money. Expectations are constantly changing, and people rightly expect more from the companies they use but with less effort required on their part. This is exactly what we're pursuing through our 'savings as a service™' model.

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By reducing the hassle – perceived or real – associated with comparing and applying for various financial, insurance and home utilities products, we will be the preferred method for habitual switchers and sometime-savers alike to save time and money. By playing our part alongside others – regulators, government and other organisations – and honing the impact and reach of our messaging, we'll help to get people bothered about their outgoings.

Because, once they see how easy we can make it for them to find the things they need and save money to boot, we'll start a savings revolution.

Our focus on speed, discipline of execution and investment into people, puts us in a strong position to invest cash into internal and external innovation that can solve some of these opportunities. Our progress in 2017 is encouraging, and we enter 2018 with a clear vision and a sense of direction. This is why we bother.

Matthew Crummack, CEO

Financial Review

Highlights

	2017	2016	YOY
Revenue	**£149.2m**	£142.1m	+5.1%
Marketing margin	**40.5%**	38.3%	+2.2%pts
Operating profit	**£33.0m**	£21.9m	+50.1%
Adjusted operating profit	**£36.0m**	£30.0m	+19.8%
Leverage	**1.1x**	1.7x	(0.6x)
Basic EPS	**5.8p**	3.8p	+54.1%
Adjusted basic EPS	**6.5p**	5.7p	+13.5%

The Group continued to deliver profitable growth across its price comparison activities with revenues up 5.1% to £149.2m. A disciplined approach to balancing revenue growth and margin expansion led to the marketing margin improving from 38.3% to 40.5% and the Adjusted operating profit increasing 19.8% to £36.0m. Reported operating profit of £33.0m represents an increase of 50.1% on 2016, largely as a result of the transaction costs associated with the listing incurred in the prior year.

When reviewing performance the Directors use a number of adjusted measures including Adjusted operating profit and Adjusted EBITDA, in order to remove the impact of non-trading items and better reflect the Group's underlying performance. These are reconciled to their IFRS equivalents in the tables below as necessary.

Revenue

	2017 £m	2016 £m	Movement £m	Movement %
Insurance	**139.9**	133.7	6.2	4.7
Strategic Initiatives	**9.3**	8.4	0.9	10.9
Total	**149.2**	142.1	7.1	5.1

The Insurance segment delivered 4.7% growth in 2017 with revenue up £6.2m to £139.9m. This growth has been achieved through a combination of a greater number of interactions from customers on the website, improved conversion of those interactions into transactions and higher income per transaction.

The Strategic Initiatives segment also grew during the year with revenue up 10.9% to £9.3m. Total revenue grew by £7.1m (5.1%).

Marketing costs and marketing margin

	2017 £m	2016 £m	Movement £m	Movement %
Cost of sales	**42.5**	41.2	1.3	3.1
Distribution costs	**46.3**	46.5	(0.2)	(0.4)
Total marketing spend	**88.8**	87.7	1.1	1.3
Marketing margin	**40.5%**	38.3%	+2.2%pts	

Marketing costs, comprising cost of sales and distribution costs, have increased by £1.1m in total to £88.8m in 2017. The Group has continued its disciplined approach to targeted marketing and has delivered revenue growth through focussing on improving the customer experience and improving conversion. The modest increase in marketing costs combined with the 5.1% increase in revenue results in the marketing margin (calculated as the difference between revenue and marketing expenditure divided by revenue), improving from 38.3% in 2016 to 40.5% in 2017.

Administrative expenses

Administrative expenses excluding adjusting items, depreciation and amortisation increased by £0.4m compared to 2016 largely as a result of an increase in headcount as the Group continues to invest in talent to drive faster, more agile software development. This has been partly offset by consultancy costs that were incurred in 2016 not repeating in 2017. Adjusting items for 2017 include £2.0m of charges relating to the Foundation Awards share scheme as well as £1.0m of transaction costs, largely fees associated with the acquisition of The Global Voucher Group Limited, which completed in January 2018, and costs associated with the offer from ZPG plc.

Adjusted operating profit, Adjusted EBITDA, and Profit before tax

	2017 £m	2016 £m	Movement £m	Movement %
Revenue	**149.2**	142.1	7.1	5.1
Total marketing spend	**(88.8)**	(87.7)	(1.1)	1.3
Administrative expenses excluding adjusting items, depreciation, amortisation and loss on disposal	**(23.2)**	(22.8)	(0.4)	1.8
Adjusted EBITDA	**37.2**	31.6	5.6	17.7
Depreciation and amortisation	**(1.2)**	(1.6)	0.4	(25.0)
Adjusted operating profit	**36.0**	30.0	6.0	19.8
Transaction costs	**(1.0)**	-	(1.0)	100.0
Foundation Award share based payment charge	**(2.0)**	(0.1)	(1.9)	100.0
Professional fees in relation to listing	**-**	(8.0)	8.0	(100.0)
Operating profit	**33.0**	21.9	11.1	50.1
Net finance costs	**(2.3)**	(0.3)	(2.0)	100.0
Profit before tax	**30.7**	21.6	9.1	41.7

Adjusted operating profit, calculated as operating profit for the year after adding back adjusting items, increased by 19.8% to £36.0m. Adjusted EBITDA for the year, calculated as Adjusted operating profit after adding back depreciation and amortisation, increased by 17.7% to £37.2m.

The Group has a light infrastructure and as such has a relatively low depreciation charge of £0.5m (2016: £0.4m). Intangible assets include both acquired software and capitalised internal development where staff time is spent on creating and innovating the consumer journey and capabilities. Amortisation remains modest at £0.6m (2016: £1.2m).

The Group incurred net finance costs of £2.3m during the year, an increase of £2.0m with interest being incurred on the debt for the full year compared to only two months in 2016. £10m of the £75m term loan was repaid on the anniversary as required by the facility agreement. The Group extended the Facility Agreement and drew down further funds at the beginning of 2018 in order to part fund the purchase of The Global Voucher Group Limited and therefore interest costs are expected to increase in 2018.

Profit before tax of £30.7m is £9.1m higher than 2016. The Group incurred £8.0m of one-off transaction costs in 2016 in relation to the demerger and this, combined with the improvement in underlying profit, has delivered a 41.7% increase in profit before tax.

Income tax expense
The Group's tax charge of £6.3m represents an effective income tax rate of 20.5%.

Earnings per share

	2017 (pence per share)	2016 (pence per share)	Movement (pence per share)
Basic earnings per share	**5.8**	3.8	2.0
Adjusted basic earnings per share	**6.5**	5.7	0.8
Diluted earnings per share	**5.7**	3.8	1.9

Earnings per share for 2017 is 5.8pence compared to 3.8pence for 2016. Adjusted earnings per share, which excludes the effect of adjusting items, is 6.5pence, an increase of 0.8pence (13.5%) on 2016 and better reflects the earnings generated by the underlying business.

Cash and leverage
The Group continued to deliver strong operating cash flows during 2017 and at the year-end had cash of £24.5m with a net debt position of £39.4m. Cash flows from operating activities generated in 2017 are adversely impacted compared to 2016 by a timing difference, with £5.1m of fees relating to the demerger in 2016 being paid in January 2017. Adjusting for this timing difference, the net cash generated from operating activities is £30.5m (2016: £23.1m) The Group has deployed the cash generated in 2017 to repay £10m of the term loan, return £2.9m of cash to shareholders via dividends and invest £2.5m in external investments. In June 2017, the Group acquired a minority interest in Mortgage Gym Limited, a robo-advice online mortgage marketplace, for £1.0m. In October, a second investment was made – £1.5m for a minority stake in Souqalmal Holdings Limited, the leading comparison site in the United Arab Emirates. The excess funds held by the Group at the end of 2017, in conjunction with a draw down on the Revolving Credit Facility, have been utilised to acquire Global Voucher Group for £36.5m which took place in January 2018.

	2017 £m	2016 £m
Net cash generated from operating activities	**25.4**	28.2
Purchase of intangible and tangible fixed assets	**(2.3)**	(1.3)
Purchase of equity investments	**(2.5)**	–
Net cash used in investing activities	**(4.8)**	(1.2)
Proceeds from issuance of ordinary shares	**-**	0.1
Repayment of borrowings	**(10.0)**	–
Proceeds from borrowings, net of transaction costs	**-**	73.1
Interest paid	**(1.6)**	(0.4)
Dividends paid to owners of the parent	**(2.9)**	(85.8)
Net cash used in financing activities	**(14.5)**	(13.0)
Net increase in cash and cash equivalents	**6.1**	14.0
Cash and cash equivalents at beginning of year	**18.4**	4.4
Cash and cash equivalents at end of year	**24.5**	18.4

The leverage at 31 December was 1.1x Adjusted EBITDA, a reduction on the 1.7x at the end of 2016 and well within the banking covenants. 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.

	2017 £m	2016 £m
Borrowings	**(63.9)**	(73.1)
Cash and cash equivalents	**24.5**	18.4
Net debt	**(39.4)**	(54.7)
Adjusted EBITDA	**37.2**	31.6
Leverage	**1.1**	1.7

Dividends

The Group declared and paid an interim dividend of £2.9m, equivalent to 0.7 pence per share. A final dividend of 0.7 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 2017 will be 21% 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, CFO

Principal risks and uncertainties

Risk	Impact	Mitigation	Changes in the year and future plans
Competitive environment The Group operates in a highly competitive environment and generates a significant proportion of its revenue from car and home insurance comparison.	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.	• Experienced and capable customer acquisition team. • Comprehensive mix of online, offline, brand and non-brand marketing activities adopted to drive efficient and cost-effective customer acquisition. • Continued investment in development of other verticals to grow diversified revenue streams. • Development and maintenance of strong relationships with partners and product providers. • Development of competitive value-led pricing and strategy with partners.	Effective management of this risk remains a high priority. The Group continues to operate in a highly competitive environment. This risk will be mitigated through: • further development and enhancement of data science capabilities to drive customer engagement. • Continued innovation of products, services and customer journeys.
Financial The Group is exposed to a number of financial risks; principally credit risk, liquidity risk and interest rate risk (as set out in note 19) of the financial statements. It is also subject to covenants on its loan facilities.	Failure to manage financial risks appropriately could lead to an adverse impact on the Group's financial performance and/or availability of cash. Should the Group breach its banking covenants its debt facility could become immediately repayable on demand.	• Credit worthiness checks and due diligence of suppliers, partners and third parties. • Debtor management. • Cashflow forecasting and headroom monitoring to manage availability of cash	The Group continues to invest in financial management to ensure that financial performance and reporting is effective and supports the strategic delivery. This includes: • Reporting and forecasting software systems; • Continuous evolution of business intelligence and key performance indicators. • Cross-functional teams who meet regularly and review commercial and financial performance to drive action and innovation within the business.

Customer acquisition and brand The Group is reliant on customer awareness and appreciation of the GoCompare brand driven through broadcast, online and digital marketing techniques which need to be effective and cost efficient.	Deterioration of brand performance or failure to monitor and manage marketing activities appropriately may lead to lower market share, revenue and profit.	• Customer satisfaction monitoring and reporting feeds into product and proposition development. • Continuous review and development of performance and perception of advertising approach. • Customer-centric approach to service definition and development. • Brand-health and performance monitoring and reporting. • Channel specific benchmarking insights.	Brand performance and customer engagement remain key drivers for the evolution of brand advertising. This is achieved through: • Broadcast and social media monitoring. • Introduction of Monster Bill into TV campaigns. • Ad awareness, brand performance and customer satisfaction feed into product and customer journey development and innovation.
Cyber security and data The Group derives its revenue exclusively through online interaction by customers with partners and is exposed to a variety of cyber threats including Distributed Denial of Service (DDoS) attacks, hacking or malware that may result in compromise of the availability, confidentiality or integrity of commercially important customer or employee data.	A failure to manage and mitigate cyber-related incidents affecting infrastructure and websites may lead to unavailability of services, access to or compromise of data, which could have reputation, financial and regulatory consequences.	• Website and IT estate and threat monitoring continuously developed and evolved. • Business continuity arrangements in place for websites and office systems. • Regular testing of business and service continuity capabilities including systems recovery and diverse locations and hosting arrangements. • Security monitoring systems in place to identify and mitigate cyber threats. • Physical and logical access controls in place alongside firewalls and network controls. • Robust approach to change management, testing and deployment. • Segregation of duties, role-based access to data and access authorisation processes.	Cyber, data management and security is key to maintaining and developing customer, partner and regulator satisfaction, along with compliance with legal and regulatory requirements. This is of increasing importance as we grow and diversify the business, utilise different technologies and ensure timely compliance with GDPR. Data is a vital asset of the Group and in 2018 we will continue to invest in leading-edge cyber risk tools and techniques to manage threats to customer and commercial data sources and technology.

Technology and innovation The Group is reliant on high performing comparison solutions that meet customer expectations for experience, use and choice of device.	A detrimental effect on current and future financial performance and reputation could arise from an inability to quickly adapt to changes in customer behaviour and expectations or being unable to keep pace with technological changes.	• Mobile-optimised customer journeys. • Comprehensive approach to development and testing across a wide variety of devices and operating systems. • Flexible approach to development of website and systems enhancements including organisational and operational changes to maximise delivery and deployment opportunities. • Real-time monitoring of core product journeys. • Continuous-development approach to website journeys to ensure scalable and relevant services and offerings to customers.	Changing customer behaviour through technological developments and innovation in various device platforms. The Group will continue to respond to this change through: • Continuous innovation of customer journeys. • Embracing new ways of working to drive speed of delivery and learning. • Customer-centric culture that seeks and acts on customer experience feedback.
Legal and regulatory The Group operates in a number of regulated markets (insurance, lending, mortgages, energy, and home communications) and is also subject to competition law and data protection law.	Failure to comply with existing or adapt to changes in future regulatory requirements may have a fundamental impact on the Group's business model, leading to reputational damage and a failure to meet financial and operational targets.	• Maintain and foster regular contact with regulatory bodies. • In-house specialist Legal and Compliance resource and access to specialist external advice, when required. • Open and transparent culture. • Comprehensive regulatory training provided to all employees. • Whistleblowing procedures in place. • Business-wide involvement to implement changes to comply with GDPR.	The Group will continue to strengthen and invest in second-line support and advice functions to ensure that current and future legal and regulatory requirements are understood. This will also include ensuring appropriate training and skills are in place as we diversify into different products and sectors.

People, leadership and management The Group's success will depend on the performance of senior management and relies upon the industry, marketing and technical expertise of employees and on the Group's ability to attract, retain and motivate its people.	Lack of experienced, skilled and motivated people at all levels may have a detrimental impact on business and financial performance of the Group.	• Highly skilled senior team with experience of running online businesses. • Review and evolution of employee reward packages at all levels. • Structured approach to learning and development. • Varied approach to attracting new talent, including development of an in-house recruitment function. • A regular review and evolution of internal working practices to further strengthen and support agile delivery within the business.	People are the key element to the business delivery and success therefore the Group plans to continue to build on the progress made to date. In 2017: • Values and behaviours were updated and refreshed and aligned to business plans. • Senior management continued to engage with employees at all levels through presentations, events and townhall meetings to discuss business plans and performance and seek feedback. • Succession planning completed for key senior roles. • Reviewed, updated and strengthened management team structures. • Launched a Diversity and Inclusion Council with representatives from all levels of the business. • In 2018 the Group will continue to focus on its people to ensure it has the right skills, environment and culture to deliver strategy,

Strategic development and diversification The Group has recognised the significant opportunity in growing the brand beyond motor and home insurance into a diverse range of other product and price comparison services and sectors.	Ineffective management of the partner panel and overreliance on single product lines, including reporting, quality and appropriateness of products, may result in damage to reputation, loss of customers and adverse impact on financial performance.	• Clear strategy to diversify revenue streams, products and services. • Strategy & Investments team identify, develop and deliver opportunities. • Access to specialist external advice where due diligence support is required. • A robust governance approach to decision making that involves key stakeholders in decision making.	In 2017 we: • Further strengthened the in-house strategy and investments team; • Completed minority investments in Mortgage Gym - an online mortgage advice service and Souqalmal.com – a Middle East-based price comparison site. • Put in place a number of strategic partnerships with online businesses in the UK to drive complementary traffic. • In January 2018, the Group acquired The Global Voucher Group Limited which further diversifies the Group's revenue.
Economic conditions The Group's revenue is derived from provision of product and price comparison services in the UK, and specifically the motor and home insurance sector.	A contraction in the UK economy, changes to fiscal policy or developments in the process for the UK to leave the EU, may lead to worsening economic conditions and performance of the Group. Brexit is not expected to have a significant impact on the Group. In a time of economic uncertainty and rising costs, consumers are more likely to consider switching, seek alternative suppliers and use price comparison websites in order to achieve better deals.	• Review of wider market conditions and indicators undertaken regularly. • Flexible approach to cost-base. • Diversify revenue streams to adapt to future changing conditions. • Development of scalable solutions in similar emerging markets to learn and refine products and services.	The potential impact of Brexit on the Group continues to be monitored including any changes to regulation of the financial services sector and the impact on specialist tech resource from overseas. In 2018, the Group will continue to focus on products and services that help people save time and money and this will continue to ensure that customers achieve positive outcomes and to drive competition in the sectors in which the Group operates.

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Consolidated statement of comprehensive income
for the year ended 31 December 2017

	Note	2017 £m	2016 £m
Revenue	4	**149.2**	142.1
Cost of sales		**(42.5)**	(41.2)
Gross profit		**106.7**	100.9
Distribution costs		**(46.3)**	(46.5)
Administrative expenses		**(27.4)**	(32.5)
Operating profit	5	**33.0**	21.9
Analysed as:			
Adjusted operating profit	6	**36.0**	30.0
Transaction costs		**(1.0)**	–
Foundation Award share-based payment charges		**(2.0)**	(0.1)
Professional fees in relation to listing		**–**	(8.0)
Operating profit		**33.0**	21.9
Finance income		**0.0**	0.1
Finance costs	8	**(2.3)**	(0.4)
		(2.3)	(0.3)
Profit before income tax		**30.7**	21.6
Income tax expense	9	**(6.3)**	(5.8)
Profit for the year		**24.4**	15.8
Other comprehensive income		**–**	–
Total comprehensive income for the year		**24.4**	15.8
Earnings per share (pence)	10		
Basic earnings per share		**5.8**	3.8
Diluted earnings per share		**5.7**	3.8

All amounts relate to continuing operations.

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Consolidated statement of financial position
as at 31 December 2017

	Note	2017 £m	2016 £m
Non-current assets			
Investments	11	**2.5**	–
Goodwill	12	**2.5**	2.5
Intangible assets	12	**1.4**	0.5
Property, plant and equipment	13	**1.5**	1.3
Deferred tax asset	21	**0.8**	0.3
		8.7	4.6
Current assets			
Trade and other receivables	14	**18.7**	16.7
Cash and cash equivalents	15	**24.5**	18.4
		43.2	35.1
Total assets		**51.9**	39.7
Non-current liabilities			
Borrowings	17	**54.1**	63.4
Provisions for liabilities and charges	20	**0.4**	0.3
		54.5	63.7
Current liabilities			
Trade and other payables	16	**17.8**	21.3
Current income tax liabilities	16	**3.3**	2.9
Borrowings	17	**9.7**	9.7
Provisions for liabilities and charges	20	**0.7**	0.7
		31.5	34.6
Total liabilities		**86.0**	98.3
Equity attributable to owners of the parent			
Ordinary shares	22	**0.1**	0.1
Share premium	23	**2.7**	2.7
Retained earnings		**(36.9)**	(61.4)
Total equity		**(34.1)**	(58.6)
Total equity and liabilities		**51.9**	39.7

The financial statements were approved by the Board on 27 February 2018 and signed on its behalf

Matthew Crummack
Director

Nick Wrighton
Director

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Consolidated statement of changes in equity
for the year ended 31 December 2017

	Share capital £m	Share premium £m	Profit and loss account £m	Total equity £m
At 1 January 2016	0.0	2.7	8.5	11.2
Profit for the year	–	–	15.8	15.8
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	15.8	15.8
Transactions with owners:				
Dividends	–	–	(85.8)	(85.8)
Share based payments	–	–	0.1	0.1
Proceeds from shares issued	0.1	–	–	0.1
Total transactions with owners	0.1	–	(85.7)	(85.6)
At 31 December 2016	0.1	2.7	(61.4)	(58.6)
At 1 January 2017	**0.1**	**2.7**	**(61.4)**	**(58.6)**
Profit for the year	**–**	**–**	**24.4**	**24.4**
Other comprehensive income for the year	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**24.4**	**24.4**
Transactions with owners:				
Dividends	**–**	**–**	**(2.9)**	**(2.9)**
Share based payments	**–**	**–**	**2.7**	**2.7**
Deferred tax recognised in equity	**–**	**–**	**0.3**	**0.3**
Proceeds from shares issued	**–**	**–**	**–**	**–**
Total transactions with owners	**–**	**–**	**0.1**	**0.1**
At 31 December 2017	**0.1**	**2.7**	**(36.9)**	**(34.1)**

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Consolidated statement of cash flows
as at 31 December 2017

	Note	**2017 £m**	2016 £m
Cash flows from operating activities			
Profit for the year before tax		**30.7**	21.6
Adjustments for:			
Depreciation of property, plant and equipment	13	**0.5**	0.4
Amortisation of intangible assets	12	**0.6**	1.2
Loss on disposal of tangible assets	13	**0.1**	–
Share-based payment charge	24	**2.7**	0.1
Net finance costs	8	**2.3**	0.3
Changes in working capital:			
(Increase) in trade and other receivables	14	**(2.0)**	(1.0)
(Decrease) / increase in trade and other payables	16	**(3.4)**	10.4
Income tax paid		**(6.1)**	(4.8)
Net cash generated from operating activities		**25.4**	28.2
Cash flows from investing activities			
Purchase of property, plant and equipment	13	**(0.8)**	(0.4)
Purchase of intangible assets	12	**(1.5)**	(0.9)
Interest received	8	**0.0**	0.1
Purchase of equity investments	11	**(2.5)**	–
Net cash used in from investing activities		**(4.8)**	(1.2)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**-**	0.1
Proceeds from borrowings, net of transaction costs	17	**-**	73.1
Repayments of borrowings	17	**(10.0)**	–
Interest paid		**(1.6)**	(0.4)
Dividends paid	25	**(2.9)**	(85.8)
Net cash used in financing activities		**(14.5)**	(13.0)
Net increase in cash and cash equivalents		**6.1**	14.0
Cash and cash equivalents at beginning of year		**18.4**	4.4
Cash and cash equivalents at end of year		**24.5**	18.4

Notes to the financial statements
for the year ended 31 December 2017

1. General information
GoCompare.com Group plc ("the Company") and its subsidiaries (together, "the Group") provide an internet-based price comparison website for financial and non-financial products.

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, Gwent, NP10 8UH.

All of the Company's subsidiaries are located in the United Kingdom.

2. Summary of significant accounting policies

Basis of preparation
These financial statements present the GoCompare.com Group plc consolidated financial statements for the year ended 31 December 2017, 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 2016.

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 IFRS 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 adopted the following IFRSs in these financial statements:
• Amendments to IAS 7: Disclosure Initiative. The Group now separately discloses changes from financing cash flows from other changes in respect of liabilities arising from financing activities.
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses. The adoption has no effect on recognition or disclosure for the Group.

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 assessed the principal risks and the other matters discussed in connection with the robust assessment as set out in the viability statement, 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 2020.

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.

Revenue
Revenue represents amounts receivable for insurance and other product introductions, including click through fees. The Group recognises this revenue when a policy is sold 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 reported cancellations during the 14-day 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.

Cost of sales, Distribution and Administrative Expenses
Cost of sales comprise all costs which are directly attributable to marketing of 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 other comprehensive income is recognised in equity or other comprehensive income 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 other comprehensive income 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 licenses are initially recorded at historical cost and subsequently amortised over their useful life which is typically up to 3 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 programmes 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 IAS38 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. From the point the intangible asset is available for 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 IAS38 are recognised as an expense as incurred.

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 accordance with IAS 39 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. After initial recognition, goodwill is measured at cost less accumulated impairment losses. 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.

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
Classification
Investments in equity instruments are classified as available for sale financial assets. All other financial assets, which comprise trade and other receivables and cash at bank are designated as 'loans and receivables'. The Group determines the classification of its financial assets at initial recognition.

During the years ended 31 December 2017 and 31 December 2016 the Group did not classify any financial assets 'at fair value through profit or loss' or 'held to maturity'.

Initial recognition of financial assets
The Group's financial assets are initially recognised at fair value, plus any directly attributable transaction costs. If the Group determines that the fair value of a financial asset on initial recognition differs from its transaction price, but the fair value measurement is not evidenced by a valuation technique that uses only data from observable markets, then the 'day-one gain' is deferred and is subsequently recognised as investment income only to the extent that it arises from a change in factor (including time) that a market participant would consider in setting a price.

Subsequent measurement
Investments in equity instruments are subsequently recognised at fair value with changes in the value of the investment recognised in Other Comprehensive Income.

Loans and receivables are measured at amortised cost less accumulated impairment losses using the effective interest method.

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
Financial liabilities falling within the scope of IAS 39 are classified as 'other financial liabilities'. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities at 31 December 2017 and 31 December 2016 include borrowings and trade and other payables.

Initial recognition
Other financial liabilities are measured initially at fair value less directly attributable transaction costs.

Subsequent measurement
After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Consolidated Statement of Comprehensive Income when the liabilities are derecognised.

Amortised cost is calculated by taking into account any fees or costs that are an integral part of effective interest rate, transaction costs and all other premiums and discounts. The amortisation is included in finance costs in the Statement of Comprehensive Income.

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. Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Finance costs
Finance costs comprise of 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 available-for-sale equity investments which are recognised in Other Comprehensive Income (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 Group separately considers transaction costs associated with Strategic Investments (minority investment interests) which are not adjusted from those which arise from significant acquisitions which materially change the Group and are adjusted for.

The key non-GAAP measures presented by the Group are:
- Adjusted Operating profit: defined as Operating profit after adding back transaction costs and other exceptional corporate costs, fees in relation to listing 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.

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.

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 2018 and have not been applied in preparing these financial statements.

The Group will adopt IFRS15 ('Revenue from Contracts with Customers') from 1 January 2018 and has performed a detailed assessment of the impact of this standard on the Group's financial reporting. Based on this assessment, the standard is not deemed to have a significant impact on the way that the Group recognises revenue, in terms of both value and timing. The Group has considered its revenue contracts with reference to the relevant criteria under IFRS15 and has included an assessment of discounting, incentives and revenue provisions as part of this process. The Group has also considered the impact on its financial covenants and has concluded that this will not lead to a significant change.

The Group will also adopt IFRS9 ('Financial Instruments') from 1 January 2018. Based on a detailed assessment of the financial instruments held by the Group, including the recognition and disclosure of these, the standard is not deemed to have a significant impact on the Group's financial reporting.

Furthermore, the adoption of IFRS16 ('Leases') will be adopted from 1 January 2019. This will require the recognition of the leased asset and lease liability in the Statement of Financial Position. The impact on the Statement of Comprehensive is not expected to lead to a significant change in the profit or loss recognised.

The adoption of the remaining changes to standards are not expected to have a material impact on the Group financial results or disclosures.

	EU effective date – periods beginning on or after
IFRS 9 'Financial Instruments'	*Effective for periods beginning on or after 1 January 2018*
IFRS 15 'Revenue from Contracts with Customers'	*Effective for periods beginning on or after 1 January 2018*
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	*Effective for periods beginning on or after 1 January 2018*
IFRS 2: Classification and Measuremen of Share-based Payment Transactions	*Not yet endorsed by the EU*
IFRS 16 'Leases'	*Effective for periods beginning on or after 1 January 2019*
Annual improvements 2014-2016	*Not yet endorsed by the EU*
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	*Not yet endorsed by the EU*
IFRC 23 Uncertainty over Income Tax Treatments	*Not yet endorsed by the EU*

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 on-going 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 a 14 day 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.

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 involve a number of assumptions with regards 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 24.

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 have 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 11.

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 does not review profit and loss items below cost of sales nor the assets and liabilities of the group by reportable segments and therefore they 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 Group's reportable segments under IFRS 8 are as follows:
- Insurance Customers and activities ("Insurance"); and
- Strategic Initiative Customers and activities ("Strategic Initiatives").

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. The segments disclosed comprise Insurance, which includes all General Insurance products, the core of the Group's business and secondly Strategic Initiatives which primarily includes money, energy, home services, life and protection insurance products.

Year ended 31 December 2017

	Insurance £m	**Strategic initiatives £m**	**Total £m**
Revenue	**139.9**	**9.3**	**149.2**
Cost of sales	**(38.3)**	**(4.2)**	**(42.5)**
Gross profit	**101.6**	**5.1**	**106.7**

Year ended 31 December 2016

	Insurance £m	Strategic initiatives £m	Total £m
Revenue	133.7	8.4	142.1
Cost of sales	(35.0)	(6.2)	(41.2)
Gross profit	98.7	2.2	100.9

5. Operating profit

Operating profit is stated after charging:

	2017 £m	2016 £m
Employee benefit expense (note 7)	**15.2**	11.4
Transaction costs (note 6)	**1.0**	–
Share based payment charges	**2.7**	0.1
Professional fees in relation to listing (note 6)	**–**	8.0
Depreciation of property, plant and equipment	**0.5**	0.4
Amortisation of intangible assets	**0.6**	1.2
Loss on disposal of tangible assets	**0.1**	–
Operating lease payments	**0.4**	0.4
Impairment of trade receivables	**0.0**	–
Auditor's remuneration		
Audit of the consolidated and company financial statements	**0.1**	0.1
Audit of financial statements of subsidiaries of the company	**0.0**	0.0
Total audit fees	**0.1**	0.1
Reporting accountant services in relation to IPO	**–**	1.0
Fees for interim review	**0.1**	–
Other	**0.0**	
Total non-audit fees	**0.1**	1.0
Total Group auditor remuneration	**0.2**	1.1

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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:

	2017 £m	2016 £m
Transaction costs	**1.0**	–
Professional fees in relation to listing	**–**	8.0
Foundation Award share-based payment charges	**2.0**	0.1
	3.0	8.1

During the year the Group incurred £1.0m of transaction costs, largely fees associated with the acquisition of The Global Voucher Group Limited, which completed subsequent to the year end on 10 January 2018, and corporate costs associated with the offer from ZPG plc. These costs have been treated as exceptional by virtue of them being events which are distinct from the day to day trading activities of the Group.

In 2016, the Group issued a number of Foundation Awards in the form of free shares to the Executive Directors and Senior Management. These were awarded as a result of the Group's successful listing and will vest after 2 years subject to the achievement of certain stretching performance criteria.

The charges arising from these Awards are 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 2 year period. Furthermore, the Foundation Awards are non-recurring (although accounting charges will follow until they vest) and the Directors do not, therefore, consider these Awards to be part of the ongoing trading performance of the business.

In relation to the Foundation Awards for the year to 31 December 2017, a share based payment charge of £2.0m (2016: £0.1m) has been recognised in the Consolidated Statement of Comprehensive Income. See note 24 for further details of the awards made.

7. Employee benefit expense

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

	2017 £m	2016 £m
Wages and salaries	**13.5**	10.0
Social security costs	**1.4**	1.0
Share based payment charge	**2.7**	0.1
Other pension costs	**0.3**	0.3
	17.9	11.4

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

	2017 No.	2016 No.
Service provision	**160**	95
Administration	**40**	77
Total	**200**	172

8. Net finance costs

	2017 £m	2016 £m
Bank interest income	**0.0**	0.1
Interest expense on bank borrowings	**(2.3)**	(0.4)
Net finance costs	**(2.3)**	(0.3)

9. Taxation

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

	2017 £m	2016 £m
Current tax	**6.6**	6.0
Deferred tax	**(0.3)**	(0.2)
Income tax expense	**6.3**	5.8

The tax rate used for the calculations is the corporate tax rate of 19.25% (2016: 20.0%) 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:

	2017 £m	2016 £m
Profit before income tax	**30.7**	21.6
Tax calculated at 19.25% (2016: 20.0%)	**5.9**	4.3
Effect of:		
Expenses not deductible	**0.3**	1.4
Adjustments in respect of prior years	**0.0**	–
Tax rate changes	**0.1**	–
Other	**-**	0.1
Income tax expense	**6.3**	5.8

The Budget on 8 July 2015 announced changes in the main UK corporation tax rate which reduced to 19% with effect from 1 April 2017. The Budget on 16 March 2016 announced further changes in the main UK corporation tax rate. The effective rate of 18% from 1 April 2020 was to be further reduced to 17%. This further reduction in tax rates was included in the 2016 Finance Act which was substantively enacted for the purpose of IFRS and UK GAAP on 6 September 2016.

10. Earnings per share

a) Basic

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.

	2017	2016
Profit from continuing operations attributable to owners of the parent (£m)	**24.4**	15.8
Weighted average number of ordinary shares in issue (m)	**418.3**	418.3
EPS (pence per share)	**5.8**	3.8

b) Diluted

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

	2017	2016
Profit from continuing operations attributable to owners of the parent (£m)	**24.4**	15.8
Weighted average number of ordinary shares in issue (m)	**418.3**	418.3
Adjustment for share options (m)	**9.9**	1.7
Weighted average number of ordinary shares for dilutive earnings per share (m)	**428.2**	420.0
Dilutive EPS (pence per share)	**5.7**	3.8

c) Adjusted basic EPS

	2017	2016
Profit from continuing operations attributable to owners of the parent (£m)	**24.4**	15.8
Adjustment for transaction costs, listing fees and Foundation Awards charge, net of tax (note 6) (£m)	**2.7**	8.0
Adjusted profit from continuing operations attributable to owners of the parent (£m)	**27.1**	23.8
Weighted average number of ordinary shares in issue (m)	**418.3**	418.3
Adjusted EPS (pence per share)	**6.5**	5.7

11. Investments in equity instruments

On 30 June 2017 the Group acquired a minority shareholding in Mortgage Gym Limited for consideration of £1.0m. On 10 October 2017 the Group acquired a minority shareholding in Souqalmal Holdings Limited for consideration of £1.5m.

	2017 £m	2016 £m
At 1 January	**–**	–
Additions	**2.5**	–
At 31 December	**2.5**	–

The equity investments are identified as follows:

	2017 £m	2016 £m
Mortgage Gym Limited	**1.0**	–
Souqalmal Holdings Limited	**1.5**	–
	2.5	–

Both of the investments are classified as available for sale financial assets, held at fair value and are both unquoted. Fair value is classified as level 3 within the IFRS7 fair value hierarchy, as the inputs for their fair values are not based on observable market data.

At the year end, fair value has been determined based on an assessment of the financial forecasts of each of the two businesses on which a risk weighting has been applied. The Directors have also considered the valuation determined by reference to the purchase price paid by other investors and the achievement of key business milestones for each of the two companies. The investment in Souqalmal Holdings Limited is held in US Dollar, 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 disclosed represents a materially reasonable valuation of the equity investments held.

12. Intangible fixed assets

	Goodwill £m	Software and website costs £m	Total £m
Cost			
At 1 January 2016	2.5	1.6	4.1
Additions	–	0.9	0.9
Disposals	–	(0.7)	(0.7)
At 31 December 2016	2.5	1.8	4.3
Additions	–	1.5	1.5
Disposals	–	(1.1)	(1.1)
At 31 December 2017	**2.5**	**2.2**	**4.7**

Accumulated amortisation			
At 1 January 2016	–	0.8	0.8
Amortisation charge	–	1.2	1.2
Impairment	–	(0.7)	(0.7)
At 31 December 2016	–	1.3	1.3
Amortisation charge	–	0.6	0.6
Disposals	–	(1.1)	(1.1)
At 31 December 2017	**–**	**0.8**	**0.8**
Net book value			
At 31 December 2017	**2.5**	**1.4**	**3.9**
At 31 December 2016	2.5	0.5	3.0

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.

The goodwill acquired on the acquisition of GoCompare.com Limited has been allocated to one cash-generating unit. The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

For the assessment carried out at 31 December 2017, the recoverable amount of the cash-generating unit is based on its value in use, which is determined using cash flow projections derived from financial plans approved by the Board covering a three-year period. They reflect the Board's expectations of revenue, EBITDA growth, capital expenditure, working capital and operating cash flows which are based on past experience and future expectations of performance. Cash flows beyond the three-year period have been extrapolated using perpetuity growth rates.

A growth rate of 3% 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 country and industry the cash generating unit operates in. The pre-tax discount rate used was 13% which is based on the Group's weighted average cost of capital plus a risk premium. The Board is comfortable that a reasonable change in the underlying assumptions would not indicate an impairment.

During the year, the Group recognised £0.2m as research and development expenditure (2016: £1.4m).

13. Property, plant and equipment

	Fixtures, fittings and equipment £m	Total £m
Cost		
At 1 January 2016	2.2	2.2
Additions	0.4	0.4
Disposals	(0.3)	(0.3)
At 31 December 2016	2.3	2.3
Additions	0.8	0.8
Disposals	(0.3)	(0.3)

At 31 December 2017	**2.8**	**2.8**
Accumulated depreciation		
At 1 January 2016	0.9	0.9
Depreciation charge	0.4	0.4
Disposals	(0.3)	(0.3)
At 31 December 2016	1.0	1.0
Depreciation charge	0.5	0.5
Disposals	(0.2)	(0.2)
At 31 December 2017	**1.3**	**1.3**
Net book value		
At 31 December 2017	**1.5**	**1.5**
At 31 December 2016	1.3	1.3

14. Trade and other receivables

	2017 £m	2016 £m
Trade receivables	**12.5**	12.7
Less: provision for impairment of trade receivables	**(0.1)**	(0.1)
Trade receivables – net	**12.4**	12.6
Prepayments	**4.1**	2.8
Accrued income	**2.2**	1.3
	18.7	16.7
Analysis of past due debt:		
1-30 days overdue	**3.8**	2.6
31-60 days overdue	**0.2**	0.5
61-120 days overdue	**0.1**	0.5
	4.1	3.6

15. Cash and cash equivalents

	2017 £m	2016 £m
Cash at bank	**24.5**	18.4

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16. Trade and other payables

	2017 £m	2016 £m
Trade payables	**5.4**	3.3
Corporation tax	**3.3**	2.9
Social security and other taxes	**3.6**	3.1
Accrued expenses	**8.8**	14.8
Other payables	**–**	0.1
	21.1	24.2

17. Borrowings

	2017 £m	2016 £m
At 1 January	**73.1**	–
Changes from financing cash flows		
Draw down of borrowings, net of transaction costs	**–**	73.1
Repayment of borrowings	**(10.0)**	-
Interest paid	**(1.4)**	(0.4)
Total changes from financing cash flows	**(11.4)**	72.7
Other changes		
Accrued interest	**2.2**	0.4
Total other changes	**2.2**	0.4
At 31 December	**63.9**	73.1

On 1 November 2016, the Group drew down bank borrowings of £75.0m. Interest is payable at LIBOR plus a margin which is dependent on the leverage of the Group's consolidated net borrowings. As at 31 December 2017, the rate is 1.65% plus LIBOR. The debt is repayable in instalments by 1 November 2021 – an analysis of the Group's gross contractual liabilities are shown in note 18. The borrowings are unsecured.

At 31 December 2017 the Group had committed undrawn borrowing facilities of £10.0m expiring on 1 November 2021.

On 18 December 2017 the Group executed an Amendment and Restatement of its Debt Facility Agreement which was effective as of 4 January 2018. This increased the committed undrawn facility from £10.0m to £40.0m along with the provision of a further uncommitted Accordion facility of £20.0m. No changes to the covenants or repayment terms were made.

18. 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.

	2017 **£m**	2016 £m
Financial assets:		
Investments in equity instruments	**2.5**	–
Trade and other receivables	**14.6**	13.9
Cash and cash equivalents	**24.5**	18.4
	41.6	32.3
Financial liabilities:		
Trade and other payables	**14.1**	18.2
Borrowings	**63.9**	73.1
	78.0	91.3

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 11.

19. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk, 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 is produced on a monthly basis and there is proactive engagement with any partner who has a balance outstanding that is outside the agreed terms. The Group has a small allowance for doubtful accounts and has not had any material bad debts during the current or prior period. An analysis of trade receivables past due is included within note 14.

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 the obligation to pay amounts due to suppliers as they fall due. The Group is cash generative and has 30-day payment terms with all its key Partners. 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 draw down on available committed borrowings facilities should this be required.

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

	Balance sheet amount £m	Gross contractual cashflows £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 2017							
Trade and other payables	**17.8**	**17.8**	**15.5**	**2.3**	**–**	**–**	**–**
Borrowings	**63.9**	**69.6**	**0.4**	**11.3**	**11.2**	**46.7**	**–**
At 31 December 2016							
Trade and other payables	21.3	21.3	21.3	–	–	–	–
Borrowings	73.1	80.4	0.5	11.2	11.3	57.4	–

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 £0.4m (2016: £0.7m) based on the principal 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 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.

20. Provisions for liabilities

	Provisions £m
At 1 January 2016	1.1
Released/utilised in the year	(0.8)
Charged to profit and loss in the year	0.7
At 31 December 2016	1.0
At 1 January 2017	**1.0**
Released/utilised in the year	(0.9)
Charged to profit and loss in the year	1.0
At 31 December 2017	**1.1**

Included within provisions 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 amounts of commission which may need to be paid back for life insurance policies that may be cancelled;
Dilapidation provision – an estimate of rectification work associated with the building which is leased by the Group; and
Media provision – variable payment associated with the Group's advertising costs

The 'Not taken up' and media provisions are 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 3 years.

Analysis of total provisions:

	2017 £m	2016 £m
Current	**0.7**	0.7
Non-current	**0.4**	0.3
Total	**1.1**	1.0

21. Deferred tax

	Deferred tax asset £m
At 1 January 2016	0.1
Released/utilised in the year	–
Credited/(charged) to profit and loss in the year	0.2
Credited/(charged) to equity in the year	0.0
At 31 December 2016	0.3
At 1 January 2017	**0.3**
Released/utilised in the year	(0.3)

Credited/(charged) to profit and loss in the year	0.5
Credited/(charged) to equity in the year	0.3
At 31 December 2017	**0.8**

Deferred tax assets are attributable to:

	2017 £m	2016 £m
Accelerated capital allowances	**0.1**	0.0
Share based payments	**0.7**	0.1
Other timing differences	**0.0**	0.2
Total deferred tax	**0.8**	0.3

22. Share capital

	2017 £m	2016 £m
Called up and fully paid		
418,338,382 Ordinary shares of £0.0002 each *(2016: 418,257,875 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 24.

23. Share premium

	2017 £m	2016 £m
Share premium	**2.7**	2.7

24. Share based payments
The Group has a number of equity-settled, share-based compensation plans. Since admission of the Group to the London Stock Exchange, arrangements have been put in place for employee incentives in GoCompare.com Group plc shares. These include the Executive Foundation Awards and the 2017 Performance Share Plan ('PSP'), as well as the Free Share Awards, Partnership and Save As You Earn shares under the all-employee Share Incentive Plan ('SIP'). Details of the share-based compensation plans and their financial effect are set out below.

The share-based payment charge recognised in the Statement of Comprehensive Income is attributed to each of the schemes as shown:

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	2017 £m	2016 £m
Foundation Awards	**2.0**	0.1
2017 PSP	**0.5**	–
Free Share Awards	**0.0**	0.0
Partnership Shares	**0.1**	–
Save As You Earn – 2016	**0.1**	–
Save As You Earn – 2017	**0.0**	–
	2.7	0.1

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

000s of shares	Foundation Awards	2017 PSP	Free Share Awards	2016 SAYE	2017 SAYE	Total
At 1 January 2016	–	–	–	–	–	–
Awards granted during the period	13,600	–	343	–	–	13,943
Awards exercised during the period	–	–	–	–	–	–
Awards forfeited during the period	–	–	–	–	–	–
At 31 December 2016	13,600	–	343	–	–	13,943
Awards granted during the period	–	3,502	–	1,085	329	4,916
Awards exercised during the period	–		–	–	–	–
Awards forfeited during the period	(143)	(26)	(39)	(81)	(5)	(294)
At 31 December 2017	**13,457**	**3,476**	**304**	**1,004**	**324**	**18,565**

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
Free Share Awards	nil	2019
Save As You Earn – 2016	0.5	2019-2021
Save As You Earn – 2017	0.9	2020-2022

a) Foundation Awards

The Foundation Awards were issued under the Performance Share Plan (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 and will vest, subject to that performance, as soon as possible after the year ended 31 December 2018 and be released following a one year post-vesting holding period. The financial performance conditions are based on the achievement of stretching financial targets and underpinned by certain financial metrics.

In addition, the Foundation Awards are subject to an additional term, which will allow the Board to lapse the awards in their entirety or reduce the level of vesting of each award if it considers that the vesting level is not appropriate having regard to the underlying financial performance of the Company over the performance period has not been satisfactory. The awards are also subject to malus and clawback provisions.

The awards are subject to an operating financial profit performance condition and the fair value of the awards was estimated using a Black-Scholes valuation model. The inputs into the model were:

Grant date	15 Nov 2016
Share price at grant	£0.63
Exercise price	£nil
Volatility % p.a.	50.0%
Dividend yield % p.a.	nil
Risk-free rate %	0.20%
Expected life	2.3 yrs

b) 2017 Performance Share Plan ('PSP')

The Group has 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) 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

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

d) 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.

e) 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.

f) 2017 Deferred Bonus Plan ("DBP")
For the 2017 year end, it is intended that a portion of the annual bonuses for the Executive Directors will be 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 10 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 10 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).

GoCompare.com Shares transferred out of treasury under the Plans will count towards these limits for so long as this is required under institutional shareholder guidelines. GoCompare.com 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.

25. Dividends

	2017 £m	2016 £m
Dividends paid during the year	**2.9**	85.8

In October 2017, a dividend of £2.9m was paid equivalent to 0.7p per share. In November 2016, a dividend of £73.3m was paid, equivalent to 17.6p per share. In June 2016, a dividend of £12.5m was paid, equivalent to 62.5p per share.

Dividends per share disclosed are based on the number of shares in issue at the point they were declared and paid. GoCompare.com Group plc issued a number of shares during 2016 which has the effect of showing a relatively higher dividend per share for the June 2016 dividend.

26. Contingent liabilities
During the year, the Group has been in discussions with HMRC regarding the re-application (following demerger) of its special method to calculate its recovery of VAT used since 2015. In November 2017, HMRC rejected the proposed method although discussions are ongoing in order to agree an approved method. A right to appeal against any final decision also remains available to the Group. Should an appeal be unsuccessful, HMRC may require us to apply the standard method which would result in an additional cost being recognised in the Statement of Comprehensive Income. These events give rise to a contingent liability. At 31 December 2017, the maximum impact of this has been estimated as £1.5m.

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27. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017 **£m**	2016 £m
Land and buildings		
Within 1 year or on demand	**0.4**	0.4
More than 1 year but less than 5 years	**1.8**	1.8
More than 5 years	**0.1**	0.6
	2.3	2.8

The operating lease relates to a building the Group occupies. The Group signed a 15-year lease with a break clause at 10 years on 24 April 2013.

28. 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 31. 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 IAS24.

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 GoCompare.com Group plc. The remuneration received by these directors is disclosed in the Remuneration Report. The share based payment charge in relation to Executive Directors is £1.1m (2016: £0.0m).

b) Other related party transactions

During the year, the company paid fees of £40,000 (2016: £2,098) to WOne International Services Limited, a company for which Sir Peter Wood is a Director and has a controlling interest. Fees related to the provision of office space for the Group, taken out under normal commercial terms with consideration settled in cash. The amount outstanding at the year end was £nil (2016: £nil).

29. Post balance sheet event

On 19 December 2017, the Group announced it had reached an agreement to acquire 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 acquisition completed on 10 January 2018 being the point at which the Group had control and able to direct the activities of the acquired companies. The business was acquired for cash consideration of £36.5m. The Group incurred direct costs of £0.8m in relation to the transaction which have been charged to the income statement.

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 savvy savers 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.

As of the date of approving these financial statements, the allocation of the purchase price for the transaction is ongoing. Full disclosure of the fair values of assets and liabilities acquired will be included in the Group's interim results for the period to 30 June 2018.

30. Ultimate parent company

For the period from 31 March 2015 to 2 November 2016, the company was a wholly owned subsidiary of esure Group. On 3 November 2016, the company was de-merged from esure Group plc and became 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 2016 and 31 December 2017.

31. Related undertakings

Set out below are the related undertakings of the company at 31 December 2017:

	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 registered office of all of the Group's 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 2017 or 2016 but is derived from those accounts. Statutory accounts for 2016 have been delivered to the registrar of companies, and those for 2017 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.