Seahawk Bidco Limited

Registered number: 11486076

Annual report and consolidated financial statements

For the period ended 31 December 2019

COMPANY INFORMATION

Directors	P Windas (appointed 10 August 2019) S Weller (appointed 20 August 2018) R Ibbett (appointed 20 August 2018) W Hodder (appointed 20 August 2018) P Foster (appointed 26 July 2018) S Evans (appointed 31 July 2019)
Registered number	11486076
Registered office	Unit 2 Springfield Court Summerfield Road Bolton BL3 2NT
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE

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GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019

Introduction

The Directors have pleasure in presenting their report and the financial statements for the year ended 31 December 2019.

The principal activity of the Company is that of a holding company.

The principal activity of the Group is that of a energy comparison and procurement service.

The Company was incorporated on 26 July 2018.

Business review

The Company was incorporated to enable investment in and the acquisition of the Love Saving Group (see note 24).

The Group operates an energy comparison and procurement service for UK businesses to help them make smarter choices around their energy bills and usage.

The Group is recognised as one of the most trusted comparison businesses and has significantly grown its customer base in its underlying business through online and offline activity.

Operating profit within the main trading business, Love Energy Savings.com Limited increased to over £3m by increasing contract volumes and revenues, utilising inhouse tech capability to improve operating efficiencies, growing the talent pool, maintaining a five-star review score on Trustpilot and capitalising on the online position. Gross margins also improved from 30.7% to 32.3% although Love Energy Savings.com Limited continues to invest in its staff base to deliver business growth.

Other achievements in the year were:

1. Improving its customer facing tech platform to procure, onboard and manage its customers

2. Improving its operational structures to operate in harmony and efficiently

3. Consolidation of its exceptional employee brand with third party accreditation

Whilst the Group recorded a loss for the year of £7m this was after interest charges of £5.7m and amortisation of £5.4m.

At the end of the financial year the Group had net liabilities of £7.1m which reflects the significant new investment made within the Group by LDC Nominees Limited.

Principal risks and uncertainties

The key inherent industry risks that the Group faces are competition, market operating change and staff retention. The Group actively monitors such risks through regular business performance reviews. The Group strives to provide exceptional service to its customers and staff with a continual focus on communication and an easy to do business attitude. Changes in the market operating environment are monitored closely by internal compliance teams and tight relationships with its supplier panel. The Group has strong relationships with staff and provides ongoing training, development, support and recognition.

The directors of the Group continue to monitor the impact of COVID19 on the business and its key risks and business performance metrics. At present the directors are not aware of any material impact on the performance of the business due to COVID19, however they continue to monitor business performance and the potential risks COVID19 and impact on the business on an ongoing basis.

Brexit

The Group and its customers are UK based therefore the impact of Brexit is not expected to be significant although it's under continued review as events progress.

Financial key performance indicators

The Group continually reviews its main KPIs in real time via an internal management information dashboard. More formal reviews take place on a weekly basis and management consider the following as the key drivers:

• EBITDA

• Revenue

• Revenue per customer / Margin per enquiry

• Customer numbers

• Supplier live rates

• Customer trust score

• Cashflow headroom

• Staff productivity

Statement of the directors duties in performance of SI 72(1) Companies Act 2019

The board of directors of Seahawk Bidco Limited consider that both individually and together that they have acted in the way they consider, in good faith, would be the most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and the matters set out in s172(1)(a-f) of the Act) in the decisions taken in the year ended 31 December 2019.

Engagement with Employees

The Directors recognise that its employees are core to the business and play a huge part in the delivery of our strategic goals and the goals of our stakeholders. We aim to be a responsible employer in our approach and ensure they receive ongoing training and coaching to enable them to perform to the best of their ability and ensure pay, rewards and benefits they receive reflect their contribution and value to the business. The health, safety and well-being of our employees is one of the primary considerations in the way we do business, and this has been paramount importance during the recent COVID-19 situation.

The Group operates a framework for employee information and consultation. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees at all levels across the business are encouraged to contribute to the decision making process wherever possible. These are delivered via various engaging mediums including full use of social platforms. Employee share schemes have been created to incentivise and align longer serving teammates.

Engagement with customers, suppliers and others

Our plans are designed to have a long term beneficial impact on the group and so be a reliable, secure partner for our many thousands of valued customers, who rely on Seahawk Bidco Ltd to supply the best products and service. This enables the customer to find the right energy or business service contract for them in a clear and transparent manner.

We have over several years striven to build long lasting and mutually beneficial relationships with our suppliers and this was an area of even more focus in 2019. These relationships have allowed the business to continue to grow through the COVID-19 pandemic, ensuring that customers could still access a marketplace that provided a wide range of choice to deliver cost savings for them.

We take into account the communities in which we operate. Our main office is in Bolton in North West England and we regularly support local initiatives to improve the area and the lives of those who work and live there.

We are regularly reviewing the Group's operations with a view to reducing its impact on the environment. We are also working with suppliers to ensure an ever-greater proportion of the product range is manufactured to organic and sustainable standards.

This report was approved by the board on 2 September 2020 and signed on its behalf.

P Foster
Director

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the period ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £7,478,463.

Directors

The directors who served during the period were:

C Todd (appointed 20 August 20018, resigned 30 June 2019)

G Gould (appointed 10 August 2019, resigned 30 October 2019)

A Cieslake (appointed 20 August 2018, resigned 12 March 2019)

J Bell (appointed 20 August 2018, resigned 10 August 2019)
P Windas (appointed 10 August 2019)
S Weller (appointed 20 August 2018)
R Ibbett (appointed 20 August 2018)
W Hodder (appointed 20 August 2018)
P Foster (appointed 26 July 2018)
S Evans (appointed 31 July 2019)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2 September 2020 and signed on its behalf.

P Foster
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEAHAWK BIDCO LIMITED

Opinion

We have audited the financial statements of Seahawk Bidco Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Positions, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2019 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the group financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 16 and non-adjusting post balance sheet events on page 34.

Since the Statement of Financial Position date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the Group's and Parent Company's trade, customers, suppliers and the wider economy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEAHAWK BIDCO LIMITED

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEAHAWK BIDCO LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of the audit report

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

Neil Barton (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

One St. Peter's Square

Manchester
M2 3DE

2 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Note	2019 £
Turnover	4	42,343,931
Cost of sales		(30,355,728)
Gross profit		11,988,203
Administrative expenses		(13,735,792)
Exceptional administrative expenses	11	(266,508)
Operating loss	5	(2,014,097)
Interest payable and expenses	9	(5,734,273)
Loss before tax		(7,748,370)
Tax on loss	10	269,907
Loss for the financial period		(7,478,463)

There were no recognised gains and losses for 2019 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019.

The notes on pages 15 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £
Fixed assets			
Intangible assets	12		33,352,767
Tangible assets	13		39,047
			33,391,814
Current assets			
Debtors: amounts falling due after more than one year	15	8,018,631	
Debtors: amounts falling due within one year	15	16,915,621	
Cash at bank and in hand	16	1,223,215	
		26,157,467	
Creditors: amounts falling due within one year	17	(13,429,632)	
Net current liabilities			12,727,835
Total assets less current liabilities			46,119,649
Creditors: amounts falling due after more than one year	18		(53,246,786)
Provisions for liabilities			
Deferred tax	21	(4,068)	
			(4,068)
Net liabilities			(7,131,205)
Capital and reserves			
Called up share capital	22		26,449
Share premium account	23		320,809
Profit and loss account	23		(7,478,463)
			(7,131,205)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 September 2020.

P Foster
Director

The notes on pages 15 to 34 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £
Fixed assets			
Investments	14		38,338,954
			38,338,954
Current assets			
Debtors: amounts falling due within one year	15	6,681,396	
Cash at bank and in hand	16	3,261	
		6,684,657	
Creditors: amounts falling due within one year	17	(2,080,000)	
Net current liabilities			4,604,657
Total assets less current liabilities			42,943,611
Creditors: amounts falling due after more than one year			(48,820,508)
Net (liabilities)/assets			(5,876,897)
Capital and reserves			
Called up share capital	22		26,449
Share premium account	23		320,809
Profit and loss account carried forward			(6,224,155)
			(5,876,897)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the period was £6,224,155.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2 September 2020.

P Foster
Director

The notes on pages 15 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Comprehensive income for the period				
Loss for the period	-	-	(7,478,463)	(7,478,463)
Shares issued during the period	26,449	320,809	-	347,258
Total transactions with owners	26,449	320,809	-	347,258
At 31 December 2019	26,449	320,809	(7,478,463)	(7,131,205)

The notes on pages 15 to 34 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
Comprehensive income for the period				
Loss for the period	-	-	(6,224,155)	(6,224,155)
Shares issued during the period	26,449	320,809	-	347,258
Total transactions with owners	26,449	320,809	-	347,258
At 31 December 2019	26,449	320,809	(6,224,155)	(5,876,897)

The notes on pages 15 to 34 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019

	2019 £
Cash flows from operating activities	
(Loss)/profit for the financial period	(7,478,463)
Adjustments for:	
Amortisation of intangible assets	5,438,864
Depreciation of tangible assets	22,859
Interest paid	5,734,273
Taxation charge	(269,907)
(Increase)/decrease in debtors	(6,938,142)
(Decrease)/increase in creditors	(1,786,490)
Corporation tax received	536,741
Net cash generated from operating activities	(4,740,265)
Cash flows from investing activities	
Purchase of intangible fixed assets	(155,204)
Purchase of tangible fixed assets	(33,367)
Purchase of investments	(29,875,290)
Cash acquired	57,512
Net cash from investing activities	(30,006,349)
Cash flows from financing activities	
Issue of ordinary shares	293,131
New secured loans	7,498,742
Other new loans	28,985,509
Interest paid	(807,553)
Net cash used in financing activities	35,969,829
Net increase in cash and cash equivalents	1,223,215
Cash and cash equivalents at the end of period	1,223,215
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	1,223,215
	1,223,215

The notes on pages 15 to 34 form part of these financial statements.

1. General information

Seahawk Bidco Limited (the 'Company') is a private company, limited by shares, incorporated in the United Kingdom and registered in England. The address of its registered office and principal place of business is:

Unit 2 Springfield Court

Summerfield Road

Bolton

BL3 2NT

The principal activity of the Company is that of a holding company. The principal activity of the Group is that of a commercial utilities intermediary.

The Company was incorporated on 26 July 2018.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on a going concern basis. The directors, having considered the financial position of the Parent Company and Group for a period of at least twelve months from the date of signing these financial statements, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the Parent Company and Group to continue as a going concern.

Accordingly the directors have a reasonable expectation that the Parent Company and Group will continue in operational existence and thus they adopt the going concern basis of accounting in preparing the financial statements.

Whilst the Group recorded a loss for the year of £7m this was after interest charges of £5.7m and amortisation of £5.4m. The majority of the interest is payable to LDC Nominees, a shareholder of the Group. During the year they have invested in the Group to enable the acquisition of Love Energy Savings.com and remain supportive of the business. The majority of loan balances are also due to them.

The directors of the Group continue to monitor the impact of COVID19 on the business and its key risks and business performance metrics. At present the directors are not aware of any material impact on the performance of the business due to COVID19, however they continue to monitor business performance and the potential risks COVID19 and impact on the business on an ongoing basis.

2.4 Revenue

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Finance costs

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

2.7 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	3 years
Goodwill	-	10 years

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	33%
Office equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

(i) Estimating the value of services delivered

The Company recognises a provision against revenue for signed customer contracts that are ultimately not delivered due to the energy provider being unable to complete the switching process. This estimate is reviewed and updated monthly.

The Company also estimates the proportion of sales which may be clawed back at the end of the contract, reflecting amounts not entitled to be invoiced and this estimate is reviewed at least annually against actual.

(ii) Recognition and carrying value of intangible assets

Following business combinations there is an element of judgment in determining the classification, carrying value and lives of intangibles assets.

4. Turnover

All turnover arose within the United kingdom and is attributable to the groups principal activity.

5. Operating loss

The operating loss is stated after charging:

	2019
	£
Research & development charged as an expense	140,574
Depreciation of tangible fixed assets	39,314
Amortisation of intangible assets	5,438,864
Operating lease rentals	148,793
Defined contribution pension cost	115,457

6. Auditor's remuneration

	2019
	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	20,000

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	6,750
All other services	10,000
	16,750

7. Employees

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

	Group 2019 £
Wages and salaries	10,576,308
Social security costs	714,344
Cost of defined contribution scheme	115,457
	11,406,109

The average monthly number of employees, including the directors, during the period was as follows:

	Group 2019 No.	Company 2019 No.
Employees	253	9

8. Directors' remuneration

	2019 £
Directors' emoluments	408,750
Company contributions to defined contribution pension schemes	3,293
	412,043

During the period retirement benefits were accruing to 3 directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £186,586.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,188.

9. Interest payable and similar expenses

	2019 £
Bank interest payable	4,609
Other loan interest payable	5,729,664
	5,734,273

10. Taxation

	2019 £
Corporation tax	
Current tax on profits for the year	(538,485)
Adjustments in respect of previous periods	(85,752)
	(624,237)
Total current tax	(624,237)
Deferred tax	
Origination and reversal of timing differences	354,330
Total deferred tax	354,330
Taxation on loss on ordinary activities	(269,907)

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2019 £
(Loss)/profit on ordinary activities before tax	(7,748,370)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(1,472,190)
Effects of:	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	407
Adjustments to tax charge in respect of prior periods	(85,752)
Deferred tax not recognised	1,017,144
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(38,285)
Adjustments to tax charge in respect of previous periods - deferred tax	26,357
Adjust opening deferred tax to average rate of 19.00%	(43,633)
Adjust in respect to R&D	326,045
Total tax charge for the period	(269,907)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Exceptional items

	2019 £
Exceptional items	266,508
	266,508

Exceptional costs mainly comprise one off costs associated with the acquisition during the year that have not been suitable for capitalisation. There have also been other one off professional fees.

12. Intangible assets

Group

	Development expenditure	Goodwill	Total
	£	£	£
Cost			
Additions	155,204	38,636,427	38,791,631
At 31 December 2019	155,204	38,636,427	38,791,631
Amortisation			
Charge for the period	49,572	5,389,292	5,438,864
At 31 December 2019	49,572	5,389,292	5,438,864
Net book value			
At 31 December 2019	105,632	33,247,135	33,352,767

13. Tangible fixed assets

Group

	Fixtures & fittings	Office equipment	Total
	£	£	£
Cost or valuation			
Additions	20,826	12,541	33,367
Acquisition of subsidiary	8,074	36,920	44,994
At 31 December 2019	28,900	49,461	78,361
Depreciation			
Charge for the period on owned assets	8,133	31,181	39,314
At 31 December 2019	8,133	31,181	39,314
Net book value			
At 31 December 2019	20,767	18,280	39,047

14. Fixed asset investments

Company

	Investments in subsidiary companies
	£
Cost	
Additions	38,338,954
At 31 December 2019	38,338,954

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Love Saving Group Limited	Unit 2 Springfield Court, Summerfield Road, Bolton, England, BL3 2NT	Ordinary	100 %
Love Energy Savings.com Limited *	Unit 2 Springfield Court, Summerfield Road, Bolton, England, BL3 2NT	Ordinary	100 %
Sandown Holdings Limited *	Unit 2 Springfield Court, Summerfield Road, Bolton, England, BL3 2NT	Ordinary	100 %

The above companies with * are indirect subsidiaries.

15. Debtors

	Group 2019 £	Company 2019 £
Due after more than one year		
Prepayments and accrued income	8,018,631	-
	8,018,631	-

	Group 2019 £	Company 2019 £
Due within one year		
Trade debtors	1,950,987	-
Amounts owed by group undertakings	-	6,548,613
Other debtors	238,182	132,783
Prepayments and accrued income	14,726,452	-
	16,915,621	6,681,396

16. Cash and cash equivalents

	Group 2019 £	Company 2019 £
Cash at bank and in hand	1,223,215	3,261
	1,223,215	3,261

17. Creditors: Amounts falling due within one year

	Group 2019 £	Company 2019 £
Trade creditors	1,351,866	-
Other taxation and social security	1,080,812	-
Other creditors	2,156,301	2,080,000
Accruals and deferred income	8,840,653	-
	13,429,632	2,080,000

18. Creditors: Amounts falling due after more than one year

	Group 2019 £	Company 2019 £
Bank loans	7,498,742	7,498,742
Other loans	41,321,766	41,321,766
Accruals and deferred income	4,426,278	-
	53,246,786	48,820,508

19. Financial instruments

	Group 2019 £
Financial assets	
Financial assets measured at fair value through profit or loss	1,223,215
Financial assets that are debt instruments measured at amortised cost	2,189,169
	3,412,384

	Group 2019 £
Financial liabilities	
Financial liabilities measured at amortised cost	65,595,606
	65,595,606

Financial assets measured at fair value through profit or loss comprise cash.

Financial assets measured at amortised cost comprise trade, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank and other borrowings, trade creditors, other creditors, amounts owed to group undertakings and accruals.

20. Loans

	Group 2019 £	Company 2019 £
Amounts falling due 2-5 years		
Bank loans	7,498,742	7,498,742
Other loans	41,321,766	41,321,766
	48,820,508	48,820,508

The bank loans are secured by a debenture creating a fixed and floating charge over the assets of the group

21. Deferred taxation

Group

	2019 £
Charged to profit or loss	(354,330)
Arising on business combinations	350,262
At end of year	(4,068)

	Group 2019 £
Accelerated capital allowances	(4,068)
	(4,068)

22. Share capital

	2019 £
Allotted, called up and fully paid	
600,705 A1 Ordinary shares of £0.01 each	6,007
66,701 A2 Ordinary shares of £0.01 each	667
11,083 A3 Ordinary shares of £0.01 each	111
95,316 B Ordinary shares of £0.01 each	953
25,580 C Ordinary shares of £0.01 each	256
6,560 D Ordinary shares of £0.01 each	66
52,897 E Ordinary shares of £0.10 each	5,290
95,717 F1 Ordinary shares of £0.10 each	9,572
25,189 F2 Ordinary shares of £0.10 each	2,519
10,076 F3 Ordinary shares of £0.10 each	1,008
	26,449

All shares rank pari passu in all respects with the exception of equity dividends paid which are made at the discretion of the directors.

All shares were issues on 20 August 2018.

23. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares issued.

Profit & loss account

This reserve represents cumulative profits and losses

24. Business combinations

Seahawk Bidco Limited acquired 100% of the ordinary shares in Love Savings Group Limited on 26 July 2018.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible	44,994	44,994
	44,994	44,994
Debtors	17,908,613	17,908,613
Cash at bank and in hand	57,512	57,512
Total assets	18,011,119	18,011,119
Due within one year	(18,308,592)	(18,308,592)
Total identifiable net liabilities	(297,473)	(297,473)
Goodwill		38,636,427
Total purchase consideration		38,338,954

Consideration

	£
Cash	27,003,581
Equity instruments	54,127
Debt instruments	7,409,537
Deferred consideration	1,000,000
Directly attributable costs	2,871,709
Total purchase consideration	38,338,954

24. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	27,003,581
Directly attributable costs	2,871,709
	29,875,290
Less: Cash and cash equivalents acquired	57,512
Net cash outflow on acquisition	29,932,802

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £115,457. Contributions totalling £26,842 were payable to the fund at the balance sheet date.

26. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £
Not later than 1 year	218,138
Later than 1 year and not later than 5 years	169,473
Later than 5 years	52,900
	440,511

27. Related party transactions

The Company has taken the exemption available from section 33 to not disclose transactions with other wholly owned members of the Group.

The Company paid LDC Nominees Limited £100,000 during the year as a monitoring fee. There were no amounts outstanding at the period end date.

The Company paid the director S Weller £2,312 during the year in expenses. There was £262 payable at the period end date.

28. Post balance sheet events

Post year end the developments and circumstances around COVID 19 have been identified as a significant but non-adjusting event that would affect the Company. Due to the uncertainties surrounding the potential implications to the Company, no estimate can be made at this time as to the financial effect thereof, however the impact of this on the entities ability to continue as a going concern has been included within note 2.3.

29. Controlling party

The Company has no ultimate controlling party with majority voting control.