4 March 2014

Moneysupermarket.com Group PLC preliminary results for the year ended 31 December 2013

Strong trading results; Final dividend increased by 30%

Moneysupermarket.com Group PLC ("MoneySuperMarket.com" or the "Company"), the UK's leading price comparison website, is pleased to announce its preliminary results for the 12 months to 31 December 2013.

Financial highlights	2013	2012	Change
Revenue	£225.6m	£204.8m	10%
Adjusted EBITDA	£84.0m	£66.5m	26%
Statutory profit after tax	£34.7m	£24.8m	40%
(Net debt)/cash balance	(£21.1m)	£18.7m	n/a
Final dividend for the year	5.12p	3.94p	30%
Ordinary dividend for the year	7.28p	5.74p	27%
Special dividend	12.92p	-	-

Financial highlights

- Revenue increased by 10% to £225.6m (2012: £204.8m);
- Gross margin increased to 77.8% (2012: 74.1%);
- Adjusted EBITDA increased by 26% to £84.0m (2012: £66.5m);
    - Adjusted EBITDA margins increased by 5 percentage points to 37%;
- MoneySavingExpert.com continues to trade well, generating £13.3m EBITDA (2012: £2.8m);
- Excellent cash conversion at 105% of adjusted EBITDA;
- Net debt of £21.1m (2012: net cash £18.6m) reflecting the payment of a £70m special dividend to shareholders during the year;
- Ordinary dividend for the year increased by 27% to 7.28p per share;
    - Final dividend increased 30% to 5.12p per share (2012: 3.94p per share).

Operational highlights

- Market leading position maintained in competitive market place
- MoneySavingExpert.com delivered strong trading results in first full year of ownership
- Clear benefits of diversified business
    - Growth in Energy and Travel revenues offset the impact of Funding for Lending upon the Money vertical and a slowing Insurance business in the second half of the year.

Outlook

Group trading in the first two months of the year has been satisfactory. Revenues are mid single digit ahead of the same period last year.

Trading within the Group has been largely consistent with the trends seen in the fourth quarter of 2013 with strong growth in TravelSupermarket.com and MoneySavingExpert.com, offset by Home Services, where growth rates have slowed.

Further investment in our core sites and marketing, and a positive outlook on natural search with Google, give the Board confidence in the outlook for the full year.

Peter Plumb, MoneySuperMarket.com Chief Executive Officer, said:

"We invested across the business last year and it paid off nicely with higher revenues, profits up 26%, and a dividend that was tripled as we returned over £100m to shareholders.

We won't stand still – we'll build on our innovation in 2013 by doubling our capital investment for 2014, and bringing market leading services in Travel and Insurance to customers' mobiles and desktops.

Our goal is to save more people more money in 2014, and we're on course to deliver that."

- ends –

Results presentation

There will be a presentation for investors and analysts at 1 Finsbury Avenue, London, EC2M 2PP at 9.30am this morning. The presentation will be streamed live: visit http://corporate.moneysupermarket.com/ to register and listen.

For further information, contact:
Paul Doughty, Chief Financial Officer, MoneySuperMarket.com
Tel: 0207 379 5151

William Clutterbuck, Maitland
Tel: 0207 379 5151

Financial and Business Review

The Group has presented below an extract of the Consolidated Statement of Comprehensive Income for the years ended 31 December 2013 and 31 December 2012 along with a reconciliation to adjusted EBITDA. Revenue in 2013 was £225.6m (2012: £204.8m) which generated a net profit after tax of £34.7m (2012: £24.8m). The Directors believe that the presentation of an adjusted EBITDA measure will allow users of the financial information to gain a better understanding of the underlying performance of the business.

Extract of Consolidated Statement of Comprehensive Income

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Revenue		225,553	204,752
Cost of sales		(50,156)	(53,046)
Gross profit		175,397	151,706
Distribution expenses		(30,708)	(30,471)
Administrative expenses		(100,170)	(89,710)
Profit from operating activities		44,519	31,525

Reconciliation to adjusted EBITDA:

	Note	2013	2012
Profit from operating activities		44,519	31,525
Depreciation		3,648	3,581
Amortisation of acquisition related Intangible Assets	1	24,745	24,231
Amortisation of internally generated technology related Intangible Assets	1	2,555	1,917
Impairment of Intangible Assets	2	-	5,945
Deferred consideration credit related to acquisitions in prior periods	2	-	(281)
VAT recovery	3	-	(6,148)
Costs relating to acquisitions	4	-	3,359
Contingent payable in relation to the acquisition of MoneySavingExpert.com	5	7,960	2,325
Corporate finance fees	6	553	-
Adjusted EBITDA		**83,980**	**66,454**
Adjusted earnings per ordinary share:			
– basic (p)		**10.8**	8.9*
– diluted (p)		**10.7**	8.7*

*2012 adjusted earnings per ordinary share has been restated to present the results on a consistent basis with 2013.

Notes

Basis of Preparation

The results show the trading results for the years ended 31 December 2013 and 31 December 2012. The following adjustments have been made in arriving at adjusted EBITDA:

1 Amortisation of Intangible Assets

- The acquisition of Moneysupermarket.com Financial Group Limited by the Company prior to Listing gave rise to £207.2m of intangible assets. These will be written off over a period of 3-10 years with a charge of £23.0m expensed in both 2013 and 2012.

- The acquisition of the trade and certain assets of MoneySavingExpert.com and a sole trader business from Martin Lewis (together 'MSE') on 21 September 2012 by the Group gave rise to £12.9m of intangible assets. These will be written off over a period of 3-10 years with a charge of £1.7m included within 2013 (2012: £0.5m).
- The acquisition of Financial Services Net Limited ("FSN") by the Group in October 2010 gave rise to £6.1m of intangible assets. These were to be written off over a period of 3-10 years with a charge of £0.7m in 2012.
- A charge of £2.6m (2012: £1.9m) relating to the amortisation of internally generated technology related intangible assets.

2 Impairment of Intangible Assets, and adjustments to deferred consideration, related to acquisitions in prior periods

- On 14 October 2010 the Group acquired FSN, which gave rise to £6.1m of intangible assets and £2.2m of goodwill. At the end of 2012, the Group assessed the expected trading performance of FSN, taking into account the impact of the lower importance that direct match domain names had in natural search algorithms. Consequently the Group recognised an impairment charge of £4.4m in the Consolidated Statement of Comprehensive Income, being the net book value of those assets as at the end of 2012. In addition the Group also reassessed the amount of contingent consideration that it expected to become payable, and as a result, recognised a credit of £0.2m in the 2012 Consolidated Statement of Comprehensive Income.

- On 31 August 2011 the Group completed the acquisition of 51% of Local Daily Deals Limited ("LDD") for an initial consideration of £1m, rising to a total consideration of up to £11m payable on the third anniversary of its acquisition depending on the achievement of certain financial targets. The business did not perform in line with management expectations. In light of this the Group performed a review in 2012 of the carrying value of goodwill (£0.6m) identified upon the acquisition of LDD. As a result the Group recognised an impairment charge of £0.6m in the 2012 Consolidated Statement of Comprehensive Income. The Group also performed a review of the value of contingent remuneration held on its balance sheet that may have become payable to the vendors of the business at the end of the earnout period. As a result of this exercise the Group lowered its estimate of the fair value of contingent remuneration that would become payable to nil. Consequently a credit of £0.1m was included in the 2012 Consolidated Statement of Comprehensive Income.

- Management identified an impairment charge of £0.9m in relation to a portion of the internally generated technology related intangible assets in 2012.

3 Change in VAT recovery method

In July 2012 the Group reached agreement with HMRC that enabled it to apply a new method to determine the proportion of VAT it was able to recover on expenses it incurred. The Group recognised a net credit of £10.6m in the 2012 Consolidated Statement of Comprehensive Income representing the total value of the benefit to the Group from 1 April 2008 to 31 December 2012. The Group included a credit of £4.5m within adjusted EBITDA in 2012 representing the proportion of the credit received that related to 2012.

4 Costs incurred relating to the acquisition of MoneySavingExpert

- On 21 September 2012 the Group completed the acquisition of MSE. The Group incurred £3.4m of costs in 2012 relating to the acquisition. These have been added back in calculating adjusted EBITDA in 2012.

5 Contingent payable in relation to the acquisition of MoneySavingExpert

The Group has recognised an administrative expense relating to deferred remuneration which is linked to continued employment in the Consolidated Statement of Comprehensive Income in 2013 of £8.0m (2012: £2.3m).

6 Corporate finance fees

- During the year the Group incurred fees of £0.6m in relation to advice relating to a special dividend of £70m paid to shareholders in July 2013.

Reference is made in the Overview and Financial Highlights sections to adjusted cost base and adjusted distribution and administration expenses. These measures represent costs charged to the Consolidated Statement of Comprehensive Income, less intangible amortisation relating to acquisitions, goodwill impairment, adjustments relating to VAT recoveries, costs incurred in relation to the acquisition of MoneySavingExpert.com, costs recognised in respect of deferred remuneration relating to acquisitions, and corporate finance fees in relation to the special dividend paid in July 2013.

Overview

We present a strong set of financial results for the year ended 31 December 2013. Revenue for the year increased by 10% to £225.6m (2012: £204.8m), generating adjusted EBITDA which was 26% higher at £84.0m (2012: £66.5m). MoneySavingExpert.com ('MSE'), which was acquired on 21 September 2012, contributed £6.1m (2012: £1.8m) to Group revenues and £13.3m (2012: £2.8m) to Group adjusted EBITDA.

During 2013 the Group continued to grow. Revenues were ahead of last year in the Insurance, Travel and Home Services verticals with Travel and Home Services performing particularly well. Revenues in the Money vertical, however, were lower than the same period last year as savings revenues continue to be impacted by the Bank of England's 'Funding for Lending' scheme. This has given financial institutions access to low cost funding centrally rather than by attracting more costly retail deposits, which has depressed savings revenues for the Group. Growth rates in the core MoneySuperMarket.com business were 7% in the first half, and accelerated in the second half of the year to 9%.

The Group acquired MSE on 21 September 2012. Trading in MSE in the year has been very good and approximately 10% ahead of the comparable period last year. This is particularly pleasing since a large portion of its revenues have historically been derived from money products which, like MoneySuperMarket.com, have also been impacted by the 'Funding for Lending' scheme. This year MSE launched its Cheap Energy Club enabling consumers to sign up to an energy switching service where consumers enter details of their current deal and supplier and receive alerts when savings against their current deal are available over and above a threshold they specify. This proved extremely popular with consumers and has driven significant growth in energy revenues in both MSE, and MoneySuperMarket.com, which provides the back office fulfilment.

The Group remains committed to its technology investment and invested £4.1m in 2013. The delivery of a new platform for the Money vertical was successfully completed enabling changes to the site to be more quickly administered. During the second half of the year the business commenced work on a new open source technology solution for TravelSupermarket.com which it expects to improve functionality and support growth moving forward. The early results have been encouraging and the Group expects this programme to continue at least through the first half of 2014. The Group also made good progress on a number of projects within MSE, which will increase the capacity and scalability of the MSE platforms.

Distribution costs were broadly flat year on year. The Group has continued with the 'You're So MoneySuperMarket' campaign on television supported by radio and print campaigns. Supporting these offline campaigns, the Group has continued to make progress in its customer relationship management ('CRM') activities, leveraging investments made in the second half of 2012. This represents an exciting opportunity for the Group moving forward.

Financial performance

Group revenue increased by 10% to £225.6m (2012: £204.8m) and adjusted EBITDA increased by 26% to £84.0m (2012: £66.5m). Excluding the contribution from MSE, revenues increased by 8% to £219.4m (2012: £203.0m) and adjusted EBITDA increased by 11% to £70.7m (2012: £63.7m).

The Group saw strong growth in its Home Services and Travel businesses which grew by 93% and 35% respectively, whilst Insurance grew by 6% reflecting a slower second half. Money revenues continued to be impacted by the 'Funding for Lending' scheme, which depressed savings revenues, and declined by 9%. Trading however improved into the second half of the year.

MSE in its first complete year within the Group continued to flourish and delivered very solid results in its own right, whilst also being a key component of the increased revenues in the Home Services vertical from the Cheap Energy Club, referred to above.

Group gross margins increased from 74.1% to 77.8%, significantly benefitting from the acquisition of MSE. Prior to the acquisition the Group paid MSE for business it introduced to the Group on a 'revenue share' basis, recording these amounts as a cost of sale. Post-acquisition at a Group level

MSE revenues are now all classified as direct to site revenues with no associated cost of sale. Direct to site revenues therefore increased from 69% of revenues in 2012 to 75% in 2013. Paid search represented 20% of revenue in the year (2012: 22%).

Adjusted administrative and distribution costs increased by 8% from £90.8m to £97.7m. Distribution expenses increased by 1% to £30.7m. Adjusted administrative costs increased by 11% from £60.3m to £67.0m of which £5.6m (2012: £1.0m) related to MSE, which was acquired on 21 September 2012. Adjusted staff costs (including contract resource) were 9% higher at £38.5m reflecting a full year of staff costs for MSE. Group headcount decreased from 529 to 505 from December 2012 to December 2013 as a result of the cessation of trade in both FSN and LDD during 2013 referred to below.

Other administrative costs, including irrecoverable VAT, increased by £2.8m. This primarily reflects the full year impact of the acquisition of MSE which accounted for £1.6m of the increase, together with an increased charge for irrecoverable VAT of £1.1m in the year.

Adjusted EBITDA margins increased from 32.5% to 37.2% against the same period last year. Excluding MSE, EBITDA margins were 32.2%, up from 31.4%.

The Group operates across a number of vertical markets. These are discussed below:

	Revenue[1]			
	31 December 2013		31 December 2012	
	£000	%	£000	%
Money	52,070	23	57,389	28
Insurance	127,566	57	120,368	59
Travel	17,704	8	13,074	6
Home Services	21,958	10	11,403	6
MoneySuperMarket.com	219,298	97	202,234	99
MoneySavingExpert.com	19,522	9	3,931	2
Other businesses	116	0	735	0
Intercompany revenue[1]	(13,383)	(6)	(2,148)	(1)
Total	225,553	100	204,752	100

[1] In the above table revenues in MoneySuperMarket.com arising from traffic from MoneySavingExpert.com have been shown in both MoneySuperMarket.com and MoneySavingExpert.com to present the revenues from MoneysuperMarket.com on a consistent basis in 2013 and 2012, and to show the contribution of the MoneySavingExpert.com business to the Group. Intercompany revenues have been eliminated as shown above.

MoneySuperMarket.com

The Directors use key performance indicators ('KPIs') to assess the performance of the business against the Group's strategy. These are reviewed on a regular basis. The principal KPIs for the business are as follows:

Visitors

The Group measures the number of visitors to its websites as the number of unique visitors per day, per channel, per device, measured on a cumulative basis using cookie-based tracking methodologies.

Transactions

The Group measures transactions at the point in time that the customer leaves the Group's websites having clicked through to a third party website, or in some cases having completed an application form hosted on the Group's websites.

Revenue per visitor ('RPV')

The Group measures the total revenue (including click and other internet revenue) divided by the number of visitors defined above.

Revenue per transaction ('RPT')

The Group measures the click based revenue divided by the total number of transactions defined above.

The relative performance of each of the verticals is discussed below:

Money

The Money vertical offers customers the ability to search for and compare products such as credit cards, current accounts, mortgages, loans, debt solutions, savings accounts and business finance, amongst other things. It also includes elements of the Group's leads business (PAA) and advisory business (SAS) together with advertising revenue that derives from financial products.

The KPIs for the Money vertical are shown below:

	31 December 2013	31 December 2012	Change
Visitors (000)	41,727	40,445	3%
Transactions (000)	20,696	21,353	-3%
Revenue (£000) - click based	49,004	53,751	-9%
Revenue (£000) - other	3,066	3,638	-16%
Revenue (£000) - total	52,070	57,389	-9%
RPV	£1.25	£1.42	-12%
RPT	£2.37	£2.52	-6%

Total revenue declined by 9% from £57.4m to £52.1m and click based revenue by 9% from £53.8m to £49.0m. Visitors to the Money vertical were 3% higher than last year.

Revenues from credit products, defined as secured and unsecured loans, credit cards, pay day loans, debt solutions and mortgages but excluding impression-based advertising were flat, whilst non-credit revenues, principally savings and current accounts, fell 30%. Excluding payday loans, revenues from credit products were 6% ahead of last year. The Group began to scale back its activities in its pay day lending channel in the second quarter of the year and has now withdrawn from the marketplace altogether. Whilst acknowledging there is demand for short-term lending products it was increasingly difficult to provide consumers with a meaningful comparison of different product providers given the nature of the product and consumers' propensity to roll over loans beyond their initial period. The Group instead offers an information service providing guidance to consumers who are considering such products. The Group anticipates that pay day loans will be subject to new regulatory guidelines by the FCA in 2014. To the extent that these guidelines more readily enable the Group to make a meaningful comparison of the products subsequently on offer from Providers, the Group may re-enter this market.

The Group's non-credit business and in particular its savings revenues have continued to be impacted by the Government's 'Funding for Lending' scheme which enables financial institutions to borrow from the Bank of England at very attractive rates. This has had two impacts upon the dynamics within the savings channel. Firstly the deposit rates available to consumers have fallen significantly and this has reduced consumers' propensity to switch products. Secondly the demand from providers for more costly retail deposits has also fallen, reducing the number of providers who have a commercial arrangement with the Group for retail deposits. These two factors significantly reduced revenues from the savings channel in the year.

Trading improved in the second half of the year relative to the first half. Money revenues were 4% lower in the second half of the year against a first half where revenues were 13% lower than the corresponding period. The impact of ‘Funding for Lending’ reduced in the fourth quarter of 2013 as the Group began to lap a softer comparator period: the Group began to see the initial impact of ‘Funding for Lending’ on revenues in the fourth quarter of 2012. Revenues from current account switching were also stronger in the second half of the year following the introduction of the Government’s 7 day switching initiative which enables all consumers to switch current accounts within 7 days. This change saw a number of providers compete aggressively for new current account business.

Other revenue, which includes revenue from the sale of leads and advertising, fell by £0.6m. The Group has continued to focus upon improving its core click based offering, reducing impression-based advertising revenues.

Insurance

The Insurance vertical offers customers the ability to search for and compare insurance products such as breakdown, dental, home, life, medical, motor, pet and travel insurance, amongst other things. It also includes elements of the Group’s leads business (PAA) and advisory business (SAS) together with advertising revenue related to insurance products.

The KPIs for the Insurance vertical are shown below:

	31 December 2013	31 December 2012	Change
Visitors (000)	35,155	32,679	8%
Transactions (000)	15,595	16,442	-5%
Revenue (£000) - click based	110,912	105,976	5%
Revenue (£000) - other	16,655	14,392	16%
Revenue (£000) - total	127,566	120,368	6%
RPV	£3.63	£3.68	-1%
RPT	£7.11	£6.45	10%

Revenues in the Insurance vertical increased by 6% from £120.4m to £127.6m. Click based revenue increased by 5% from £106.0m to £110.9m. Visitors increased by 8% over the period.

Revenues in the second half of the year slowed relative to the first half where revenues were 11% ahead of the corresponding period. Google began making a number of changes to its natural search algorithms at the end of May which penalised the Group in late June. The Group lost some of its leading positions for some of the key search terms in motor and home insurance. This reduced visitors from natural search and consequently revenues from home and motor insurance.

The Group made progress during the second half of the year working to regain its natural search positions culminating in the lifting of the penalty in March 2014. The Group is now in a good position to improve its natural search positions during 2014.

Other revenue increased by £2.3m from the continued success of the telephone assisted life insurance channel, which offers consumers offline support in completing often complex application forms, together with revenues derived from data products sold to providers.

Travel

The Travel vertical offers customers the ability to search for and compare car hire, flights, hotels and package holidays, amongst other things.

The KPIs for the Travel vertical are shown below:

	31 December 2013	31 December 2012	Change
Visitors (000)	55,857	44,216	26%
Transactions (000)	26,304	20,373	29%
Revenue (£000) - click based	16,986	12,210	39%
Revenue (£000) - other	718	864	-17%
Revenue (£000) - total	17,704	13,074	35%
RPV	£0.32	£0.30	7%
RPT	£0.65	£0.60	8%

Revenue in the Travel vertical increased by 35% from £13.1m to £17.7m. Click based revenue increased by 39% to £17.0m.

Trading was very strong in the year, with growth in the package holidays, hotels and car hire channels. Package holiday revenues continued to benefit from further optimisation of the channel leveraging the technology investments made in late 2011.

The Travel business generally also benefitted from a focused television and radio campaign which resonated well with consumers.

The Group sees good opportunity for future growth in the Travel business. The Group invested in its technology platform in the second half of the year using open source technology which will enable it to improve its consumer offering significantly in 2014 and support the Group’s growth ambitions for the vertical.

Other revenues, which are derived from impression-based advertising fell by 17%, as, consistent with prior periods, management has continued to reduce the amount of screen space available for impression-based advertising instead focusing upon core click based revenues.

Home Services

The Home Services vertical offers customers the ability to search for and compare products such as broadband, mobile phones, vouchers, shopping and utilities.

The KPIs for the Home Services vertical are shown below:

	31 December 2013	31 December 2012	Change
Visitors (000)	24,388	28,816	-15%
Transactions (000)	8,641	9,252	-7%
Revenue (£000) - click based	21,958	11,399	93%
Revenue (£000) - other	-	4	-
Revenue (£000) - total	21,958	11,403	93%
RPV	£0.90	£0.40	125%
RPT	£2.54	£1.23	107%

Revenue in the Home Services vertical increased by 93% from £11.4m to £22.0m in the year. Visitors decreased by 15% largely due to a reduced emphasis on the vouchers channel.

Revenues from utility switching, which account for the majority of revenues within the Home Services vertical, were significantly stronger than last year reflecting continued price inflation in the domestic energy market, in particular in the fourth quarter, and the launch of the Cheap Energy Club by MSE. This innovative service allows consumers to register with MSE for alerts when savings available against their current tariff exceed a predetermined amount set by the customer. MoneySuperMarket.com provides the technology and fulfilment solution that enables consumers to change their tariff. This has proved very popular with consumers and represents a good example of how MSE and MoneySuperMarket.com are able to work together for the benefit of the Group's customers whilst being independently run businesses.

MoneySavingExpert.com ('MSE')

The Group acquired MSE on 21 September 2012. MSE generated revenues of £19.5m (2012: £3.9m), of which £13.4m (2012: £2.1m) related to revenues also recognised within MoneySuperMarket.com, generated from traffic referred to it by MSE. MSE contributed £13.3m (2012: £2.8m) to Group adjusted EBITDA in 2013.

Trading trends have been consistent with those seen by MoneySuperMarket.com with revenues from savings challenging whilst revenues from utilities have been particularly strong driven by the launch of the Cheap Energy Club referred to above.

The Group has added to the management team within MSE and made good progress in improving the scalability and resilience of its infrastructure.

Overall the business has had a good year and is well placed to continue to prosper within the Group.

VAT

In July 2012, the Group received formal approval from HMRC for the use of a new VAT recovery method. The Group filed claims dating back to 1 April 2008. The claims were settled in December 2012 and the Group consequently recognised a credit of £10.6m in the 2012 Consolidated Statement of Comprehensive Income, of which £4.5m related to the year ended 31 December 2012. This was included in adjusted EBITDA in the year ended 31 December 2012.

Acquisition of MoneySavingExpert.com

On 21 September 2012 the Group acquired the trade and certain assets of MoneySavingExpert.com and a sole trader business from Martin Lewis for a total amount of up to £92.5m including a deferred element of up to £27.0m. The initial consideration of £65.5m was settled by an upfront cash payment of £35.0m and £30.5m of equity represented by 22.1m shares in the Company.

The deferred element is payable in part against the achievement of certain non-financial metrics over a three year period and in part at the Board's discretion subject to the continued employment of Martin Lewis. The deferred element will be settled on the third anniversary of completion. The Group has recognised in administrative expenses a charge of £8.0m (2012: £2.3m) in the Consolidated Statement of Comprehensive Income in respect of deferred remuneration linked to continued employment.

Local Daily Deals Limited and Financial Services Net Limited

On 31 August 2011 the Group completed the acquisition of 51% of Local Daily Deals Limited ("LDD") for an initial consideration of £1m, rising to a total consideration of up to £11m depending on the achievement of certain financial targets. The business did not perform in line with management expectations and as a result a credit of £0.1m was recognised in the 2012 Consolidated Statement of Comprehensive Income in relation to the contingent remuneration, and at the same time, an impairment charge of £0.6m was also recognised, writing down the related goodwill balance in full.

On 14 October 2010 the Group completed the acquisition of Financial Services Net Limited ("FSN") for an initial consideration of £4.4m, rising to a total consideration of up to £8.8m payable over three years depending on the achievement of certain financial targets and the conclusion of outstanding tax matters. Trading of the FSN business was below management expectations, and consequently the Group recognised an impairment charge of £4.4m, fully writing down the related intangible assets in 2012. The Group also reduced to £nil the fair value of contingent consideration, and as a result recognised a credit of £0.2m in the 2012 Consolidated Statement of Comprehensive Income.

Cash balance and dividend

As at 31 December 2013 the Group had net debt of £21.1m (2012: net cash £18.7m). The Group paid a special dividend of £70m to shareholders on 26 July 2013. This was funded by entry into a £70m, three year revolving credit facility immediately prior to the payment of the dividend.

Having reviewed inter alia, the performance of the Group and the cash required by the business, the Board is recommending a final dividend, subject to shareholder approval, in respect of the year ended 31 December 2013 of 5.12p per ordinary share.

Together with the interim dividend of 2.16p per ordinary share paid on 13 September 2013, this gives a total normal dividend for the year of 7.28p per ordinary share (2012: 5.74p), reflecting the Board's confidence in the ability of the business to generate cash on an on-going basis.

The Board is committed to a progressive dividend policy, with on-going monitoring of the appropriate capital structure.

The ex-dividend date for the final dividend is 19 March 2014, with a record date of 21 March 2014 and a payment date of 2 May 2014. Shareholders will have the opportunity to elect to reinvest their cash dividend and purchase existing shares in the Company through a Dividend Reinvestment Plan.

Tax

The Group tax charge of £8.4m in the Consolidated Statement of Comprehensive Income represents an effective tax rate of 19.5% (2012: 21.3%). This is lower than the prevailing rate of 23.25% (2012: 24.5%) due to the impact of the reduction in the rate of corporation tax on the deferred tax liability, in addition to prior year adjustments which include a research and development expenditure credit of £0.4m as a result of claims made relating to previous financial years.

In future, and once the statutory rate of tax has settled, the Group expects the underlying effective rate of tax to approximate to the standard UK corporation tax rate.

Earnings per ordinary share

Basic statutory earnings per ordinary share for the year ended 31 December 2013 was 6.4p (2012: 4.8p). Adjusted basic earnings per ordinary share increased from 8.9p to 10.8p per share. The adjusted earnings per ordinary share is based on profit before tax after adding back intangible amortisation related to acquisitions, goodwill impairment, the VAT recoveries relating to prior periods, costs incurred in relation to the acquisition of MoneySavingExpert.com, credits relating to the reassessment of contingent consideration for Financial Services Net Limited and Local Daily Deals Limited, costs related to the contingent payable for MoneySavingExpert.com, and fees associated with the special dividend paid in the year. A tax rate of 23.25% (2012: 24.5%) has been applied to calculate adjusted profit after tax.

Outlook

Group trading in the first two months of the year has been satisfactory. Revenues are mid single digit ahead of the same period last year.

Trading within the Group has been largely consistent with the trends seen in the fourth quarter of 2013 with strong growth in TravelSupermarket.com and MoneySavingExpert.com, offset by Home Services, where growth rates have slowed.

Further investment in our core sites and marketing, and a positive outlook on natural search with Google, give the Board confidence in the outlook for the full year.

Directors' responsibilities statement pursuant to Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed below, confirms that, to the best of his or her knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

- The management report, which comprises the Directors' Report and the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Name	**Function**
Gerald Corbett	Chairman
Simon Nixon	Non-Executive Deputy Chairman
Peter Plumb	Chief Executive Officer
Paul Doughty	Chief Financial Officer
Graham Donoghue	Chief Product Officer
Michael Wemms	Senior Independent Non-Executive Director
Rob Rowley	Independent Non-Executive Director
Bruce Carnegie-Brown	Independent Non-Executive Director
Sally James	Independent Non-Executive Director
Robin Klein	Independent Non-Executive Director

Principal Risks and Uncertainties

Below is a summary of the material financial and operational risks to the Group and how the Group seeks to mitigate them in the day-to-day running of the business.

Financial risks

<u>Significant worsening in financial markets</u>

Potential impact

Financial institutions may reduce the quantum of lending and/or tighten their acceptance criteria for customers seeking to obtain credit. Financial institutions may reduce their reliance on the retail market to obtain funds or may have lower cost funds available from other sources, including the Bank of England, to support their business activities. Providers may increase their focus on customer retention rather than acquisition. These factors may reduce commissions available to price comparison websites.

Mitigation

The Group continues to focus on building strong relationships with providers to ensure the Group is able to provide solutions to the needs of providers and to maximise the opportunities for providers to acquire customers in a cost effective manner.

<u>Reduction of providers</u>

Potential impact

Providers may consolidate, withdraw their products from price comparison websites or reduce their customer acquisition activity via price comparison websites. This may reduce competition for business, customer choice, Group revenue and the customer proposition of price comparison websites.

Mitigation

The Group continues to focus on building strong relationships with providers to ensure the Group is able to provide solutions to the needs of providers and to maximise the opportunities for providers to acquire customers in a cost effective manner.

<u>Investment in new areas and/or significant acquisitions</u>

Potential impact

Significant investments in new products and services or new geographies fail to make a return. Failure to generate anticipated revenue growth, synergies and/or cost savings from significant acquisitions could lead to significant goodwill and intangible asset impairments.

Mitigation

Investments in new areas typically leverage existing expertise and experience built up over many years. Capital requirements are relatively low and investment is managed in stages such that it is not finally committed until there is good visibility of a return. Significant acquisitions are approved by the Board following pre-acquisition due diligence. Post-acquisition performance of significant acquisitions is closely monitored to ensure corrective action can be taken in the event of deviations from expected performance.

<u>Financial services and other markets regulation</u>

Potential impact

The business model in financial services or other lines of business may be compromised by changes to existing regulation or the introduction of new regulation.

Mitigation

The Group has a team of regulatory specialists who work with the business to ensure that it remains compliant with existing regulation and informed of impending regulation. The Group has embraced regulation to date and shares the vision of the regulators generally to make the market more transparent to the end customer.

Economic environment

Potential impact

Reduction in visitors and revenue from a recession as customers seek to reduce levels of discretionary expenditure.

Mitigation

The Group continues to focus on building a wide range of market leading services to meet customer needs. Customers seeking to reduce levels of discretionary expenditure will also be looking to obtain 'best' value from compulsory products and services. The diversification of the Group both in the number of verticals that it operates in and the range of products and services it provides in each vertical should lessen the impact of a recession upon the Group although it cannot entirely mitigate against it.

Operational risks

Competitive environment

Potential impact

Loss of market share and erosion of margins from increased competition.

Mitigation

The Group continues to focus on building market leading products to improve its proposition to customers. This includes investment in customer retention tools and technology including CRM initiatives which deliver additional features and functionality to customers.

Brand perception and reputation

Potential impact

Reduction in customer loyalty with existing customers and an inability to attract new customers if the business fails to maintain its position as a leading price comparison website or if its reputation is negatively impacted by any event, such as the loss or misuse of customer personal data or a failure to treat customers fairly.

Mitigation

Continued investment in television advertising reinforced through press activity will maintain the Group in customers' minds. Rigorous checking of the website through audit and review will maintain the accuracy of the information displayed. Rigorous use of internal controls and testing of the Group's systems, together with infrastructure investments, will ensure the integrity and robustness of the Group's systems and ensure that customers are treated fairly.

Business continuity, capacity and functionality of IT and systems

Potential impact

Failure to provide adequate service levels to customers or maintain revenue generating services.

Mitigation

The Group maintains two separate data centres with n+1 redundancy in relation to its core infrastructure to ensure that service is maintained in the event of a disaster at the primary data centre. Developed software is rigorously tested and the Group operates a robust release process which mitigates the likelihood of software being released into a live environment without being fully tested.

Loss of key management

Potential impact

Loss of key management resulting in a lack of necessary expertise or continuity to execute strategy.

Mitigation

Existing key management, new hires or management teams that are recruited through acquisitions are tied in through attractive equity and other incentive packages and rewarding career structures. In addition, succession plans have been developed or are being developed for key members of the management team (including through acquisitions) which are regularly reviewed.

Reliance on search engine natural listings

Potential impact

Reduction in gross margin through reduction in revenue derived from search engine optimisation activities.

Mitigation

The Group will continue to invest in sustainable search engine optimisation activities which adhere to search engine guidelines.

Changing customer behaviour

Potential impact

Reduction in customer loyalty with existing customers and an inability to attract new customers if the business fails to adapt to changing customer behaviour, such as the increasing use of mobile devices to access the internet, 'apps' and social media.

Mitigation

The Group continues to focus on building market-leading products to improve its proposition to customers. The Group continues to engage with customers to understand any changes in the way they use the Group's services.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Revenue		225,553	204,752
Cost of sales		(50,156)	(53,046)
Gross profit		175,397	151,706
Distribution expenses		(30,708)	(30,471)
Administrative expenses		(100,170)	(89,710)
Operating profit		44,519	31,525
Net finance costs		(1,619)	(143)
Share of profit from associates using the equity accounting method, net of tax		175	158
Profit before tax		43,075	31,540
Taxation		(8,416)	(6,708)
Profit for the year		34,659	24,832
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		5	7
Other comprehensive income for the year		5	7
Total comprehensive income for the year		34,664	24,839
Earnings per share			
Basic earnings per ordinary share (p)	2	6.4	4.8
Diluted earnings per ordinary share (p)	2	6.3	4.7

All profit and comprehensive income is attributable to the equity holders of the Company.

Consolidated Statement of Financial Position
at 31 December 2013

	Note	31 December 2013 £000	31 December 2012 £000
Assets			
Non-current assets			
Property, plant and equipment		11,163	10,554
Intangible assets	4	174,314	197,573
Investments in associates		1,333	1,158
Total non-current assets		186,810	209,285
Current assets			
Trade and other receivables		21,907	20,768
Prepayments		2,192	1,843
Cash and cash equivalents		38,935	18,680
Total current assets		63,034	41,291
Total assets		249,844	250,576
Liabilities			
Non-current liabilities			
Deferred tax liability		9,290	13,432
Borrowings		59,581	-
Other payables		11,087	2,521
Total non-current liabilities		79,958	15,953
Current liabilities			
Trade and other payables		31,260	27,291
Current tax liabilities		4,865	7,597
Total current liabilities		36,125	34,888
Total liabilities		116,083	50,841
Equity			
Share capital		108	107
Share premium		201,841	201,824
Retained earnings		(126,826)	(65,987)
Other reserves		58,638	63,791
Total equity		133,761	199,735
Total equity and liabilities		249,844	250,576

The Financial Statements were approved by the Board of Directors and authorised for issue on 3 March 2014. They were signed on its behalf by:

Peter Plumb

Paul Doughty

Consolidated Statement of Changes in Equity
for the year ended 31 December 2013

	Note	Issued share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Reserve for own shares £000	Total £000
At 1 January 2012		**102**	**171,297**	**74,133**	**(78,970)**	**–**	**166,562**
Foreign currency translation		–	–	7	–	–	7
Profit for the year		–	–	–	24,832	–	24,832
Total income and expense for the year		–	–	7	24,832	–	24,839
New shares issued		4	30,527	–	–	–	30,531
Exercise of LTIP awards		1	–	–	–	–	1
Distribution in relation to LTIP		–	–	–	(1,506)	–	(1,506)
Equity dividends	3	–	–	–	(24,704)	–	(24,704)
Share based payments		–	–	–	1,979	–	1,979
Tax effect of share based payments		–	–	–	2,033	–	2,033
Reserves transfer		–	–	(10,349)	10,349	–	–
At 31 December 2012		**107**	**201,824**	**63,791**	**(65,987)**	**–**	**199,735**
Foreign currency translation		–	–	5	–	–	5
Profit for the year		–	–	–	34,659	–	34,659
Total income and expense for the year		–	–	5	34,659	–	34,664
New shares issued		–	17	–	–	–	17
Exercise of LTIP awards		1	–	–	–	–	1
Distribution in relation to LTIP		–	–	–	(848)	–	(848)
Equity dividends	3	–	–	–	(102,902)	–	(102,902)
Share based payments		–	–	–	2,319	–	2,319
Tax effect of share based payments		–	–	–	775	–	775
Reserves transfer		–	–	(5,158)	5,158	–	–
At 31 December 2013		**108**	**201,841**	**58,638**	**(126,826)**	**-**	**133,761**

Other reserves

The other reserves balance represents the merger and revaluation reserves generated upon the acquisition of Moneysupermarket.com Financial Group Limited by the Company, as discussed below, and a capital redemption reserve for £19,000 arising from the acquisition of 95,294,118 deferred shares of 0.02p by the Company from Simon Nixon.

Upon the acquisition of Moneysupermarket.com Financial Group Limited, a merger reserve of £60,750,000 for 15% of the fair value of assets acquired, a merger reserve of £16,923,000 for 45% of the book value transferred from a company under common control, and a revaluation reserve of £65,345,000 representing 45% of the fair value of the intangible assets transferred from a company under common control, were recognised. Amounts are transferred from these reserves to retained earnings as the goodwill and other intangibles balances which relate to this acquisition are impaired and amortised.

The balance also includes a foreign currency translation reserve which comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserve for own shares

The reserve for the Company’s own ordinary shares comprises the cost of the Company’s ordinary shares held by the Group. At 31 December 2013, the Group held 310,183 ordinary shares at a cost of 0.02p per share through a trust for the benefit of the Group’s employees.

Consolidated Statement of Cash Flows
for the year ended 31 December 2013

	Note	Year ended 31 December 2013 £000	Year ended 31 December 2012 £000
Operating activities			
Profit for the year		34,659	24,832
Adjustments to reconcile Group net profit to net cash flows:			
Depreciation of property, plant and equipment		3,648	3,581
Amortisation of intangible assets		27,300	26,148
Impairment of goodwill and intangible assets	4	-	5,945
Share of profit of associates		(175)	(158)
Change in contingent payable	1	7,960	(185)
Loss on disposal of property, plant and equipment		22	4
Net finance costs		1,619	143
Equity-settled share-based payment transactions		2,319	1,979
Tax charge		8,416	6,708
Change in trade and other receivables		(1,487)	(4,743)
Change in trade and other payables		3,581	916
Tax paid		(14,518)	(13,646)
Net cash flow from operating activities		73,344	51,524
Investing activities			
Interest received		135	197
Acquisition of trade and assets	1	-	(35,000)
Acquisition of property, plant and equipment		(4,229)	(3,170)
Acquisition of intangible assets		(4,091)	(3,517)
Net cash used in investing activities		(8,185)	(41,490)
Financing activities			
Proceeds from exercise of Long Term Incentive Plan		1	1
Proceeds from share issue		17	-
Proceeds from borrowings		60,000	13,000
Repayment of borrowings		-	(13,000)
Payment of transaction costs relating to financing activities		(625)	-
Interest paid		(553)	(144)
Distribution in relation to Long Term Incentive Plan		(848)	(1,506)
Dividends paid	3	(102,902)	(24,703)
Net cash used in financing activities		(44,910)	(26,352)
Net increase/(decrease) in cash and cash equivalents		20,249	(16,318)
Cash and cash equivalents at start of year		18,680	35,005
Effects of foreign exchange differences		6	(7)
Cash and cash equivalents at end of year		38,935	18,680

1 Acquisitions

MoneySavingExpert.com ("MSE")

On 21 September 2012, the Group acquired certain trade and assets from Martin Lewis and his company MoneySavingExpert.com for an initial consideration of £65.5m. The initial consideration of £65.5m was settled by a cash payment of £35.0m and £30.5m of equity represented by 22.1m ordinary shares in the Company. In addition, a contingent amount of up to £27.0m, payable in part against the achievement of certain non-financial metrics and in part at the discretion of the Company Board, is dependent on the continued employment of Martin Lewis for three years following the acquisition.

	£000
Consideration:	
Initial consideration, paid in cash	35,000
Initial consideration, paid in equity shares in Company	30,531
Total consideration	65,531

The MoneySavingExpert.com website offers free online content for consumers, in areas such as credit cards and loans, shopping, deals and vouchers, utilities, phones, banking and saving, travel and motoring, insurance, mortgages and homes, and income and family, and includes a range of online tools, researched articles in respect of specific products, personal finance guides, weekly newsletter emails, and online forums. Martin Lewis and the MoneySavingExpert.com website also provide information on and promote topical consumer issues such as financial education in schools and reclaiming payment protection insurance. The business continues to be run separately from the rest of the Group according to an editorial code, to ensure that MoneySavingExpert.com retains its independence.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Recognised values on acquisition £000
MSE's net assets at the acquisition date:	
Other current assets	16
Intangible assets (see note 4)	12,895
Net identifiable assets and liabilities	12,911
Goodwill on acquisition	52,620
Total consideration	65,531

A detailed description of the different intangible assets which were identified within the acquired business, and the methods used to value them, are provided within note 4.

Following a review by management during the maximum measurement period of one year from the date of acquisition of MSE, as permitted by IFRS 3, no fair value adjustments have been required to the initial amounts recognised for the assets and liabilities of MSE at the date of acquisition. Accordingly the value of goodwill recognised at the acquisition date has not been adjusted.

The acquisition of MoneySavingExpert.com by the Group has provided a number of benefits to both the Group and the acquired business, allowing the enlarged Group to reach a wider audience, and improve the visibility and accessibility of MoneySavingExpert.com's offering. The goodwill identified upon the acquisition of MoneySavingExpert.com represented the benefits referred to above, as well as the skills and knowledge within the acquired business' workforce.

During 2013 the business contributed revenue (prior to consolidation adjustments) of £19.5m (2012: £3.9m) and a profit before tax of £13.3m (2012: £2.8m) to the consolidated profit for the year.

Additional amounts of up to £27.0m may become payable on the third anniversary of the completion of the acquisition of MoneySavingExpert.com. The amount payable depends in part upon the achievement of a number of non-financial performance measures specified in the purchase agreement and is, in part, at the discretion of the Company's Board, subject to the continued employment of Martin Lewis.

The arrangement to pay these additional amounts has been accounted for separate to the business combination as remuneration as their payment is linked to the continued employment of Martin Lewis.

The benefit payable will be charged to the Consolidated Statement of Comprehensive Income over the period in which services are provided (the earnout period) as an employment expense. Management has estimated the benefit payable by assessing, amongst other things, the performance of the acquired business since acquisition, against the measures specified in the purchase agreement. During the year £8.0m (2012: £2.3m) has been charged to the Consolidated Statement of Comprehensive Income as an employment expense, and £0.6m (2012: £0.2m) has been recognised as an expense within net finance costs, being the unwinding of the discount rate applied.

The Group incurred acquisition-related costs of £3.4million during 2012 relating to legal and advisory fees, which were included in administrative expenses. The impact on both basic and diluted earnings per share was a decrease of 0.6p per share. No acquisition-related costs have been incurred during 2013.

The Group was previously a significant customer of MoneySavingExpert.com. Management considered the settlement of the pre-existing relationship on acquisition, and since the pre-acquisition trade was on an arm's length, commercial basis, no settlement adjustments arose.

2 Earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings per share

Basic and diluted earnings per share has been calculated on the following basis:

	2013	2012
Profit after taxation attributable to ordinary equity holders (£000)	34,659	24,832
Basic weighted average ordinary shares in issue (millions)	540.8	519.4
Dilutive effect of share based instruments (millions)	8.2	8.4
Diluted weighted average ordinary shares in issue (millions)	549.0	527.8
Basic earnings per ordinary share (p)	6.4	4.8
Diluted earnings per ordinary share (p)	6.3	4.7

3 Dividends

	2013	2012
	£000	£000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final Dividend for 2011: 3.03p per share		15,431
Interim Dividend for 2012: 1.80p per share		9,273
Final Dividend for 2012: 3.94p per share	21,169	-
Special Dividend for 2013: 12.92p per share	70,026	-
Interim Dividend for 2013: 2.16p per share	11,707	-
Proposed for approval (not recognised as a liability at 31 December):		
Equity dividends on ordinary shares:		
Final dividend for 2013: 5.12p per share	27,751	-

4 Intangible assets

On an annual basis, or where an indication exists, the Group is required to assess its goodwill and intangible assets for impairment.

During 2007 the Group employed the services of an appropriately qualified and experienced independent third party to value the intangible assets acquired from Moneysupermarket.com Financial Group Limited. This valuation was used as the initial carrying value for these assets. Following the impairment provision in 2008, the market capitalisation of the Group approximated to the total carrying value of the goodwill, intangible and other non-current assets of the Group. At 31 December 2013 the market capitalisation exceeded the carrying value of the goodwill, intangible and other non-current assets, and net current assets by more than 100% (2012: more than 100%).

On adoption of IFRS 8 the Group was required to allocate goodwill between its cash generating units ('CGU') that represent the lowest level within the Group at which goodwill is monitored for internal management purposes, but are not larger than an operating segment as defined by IFRS 8. These CGUs are the five operating segments Insurance, Money, Travel, Home Services and MoneySavingExpert.com (MSE). The Group has performed impairment testing at a CGU level. For the four original segments, the goodwill was allocated on 1 January 2009 based on estimates of the relative values of the operating segments at that date with £30.7m allocated to Insurance, £15.5m to Money, £6.6m to Travel and £2.2m to Home Services. The balances at 31 December 2013 are in line with those at 1 January 2009. Goodwill impairment for MSE has been considered separately from the four operating segments outlined above and the Group.

IMPAIRMENT REVIEW BY VERTICAL AND GROUP

For the current year, the recoverable amount of the assets was taken to be their value in use and was calculated by reference to the forecast cash flows.

The present value of the future cash flows has been calculated with the following key assumptions:

- Cash flows for year 1 for each CGU represent management's best estimate of future cash flows as at 31 December 2013, and are based upon the Group's approved budget for 2014 incorporating cost of sales, advertising and an allocation of overheads costs. The main assumptions underlying the 2014 budget relate to visitor volumes, source of visitors, revenue per transaction/visitor and marketing spend, which incorporate past experience. The forecast assumes continued growth during the course of 2014, broadly in line with that seen in 2013, driven by new media campaigns, exploitation of the Group's data asset and further investments made during 2013 in the core technology underpinning the Group's key channels.

- Cash flows for the second and third years assume revenue growth of approximately 10% per annum in the Insurance and Home Services segments, with a higher rate of growth in the Travel segment, and a lower rate of growth in the Money segment. Costs are expected to grow broadly in line with revenues. Cash flows after three years assume no growth.

- Cash flows into perpetuity have been incorporated into the calculations.
- A pre-tax discount rate of 13.5% (2012: 13.5%) has been used in the forecast for the Travel, Insurance, Money and Home Services segments.

A different set of assumptions may be more appropriate in future years dependent on changes to the macro-economic environment.

The analysis performed calculates that the recoverable amount of the assets allocated to the Insurance, Money, Travel and Home Services segments exceeds their carrying value by in excess of 100%, and as such, no impairment was identified. No reasonably possible change to a key assumption would result in an impairment.

Whilst the Group is able to allocate revenue between the Insurance, Money, Travel and Home Services operating segments, its cost base is reviewed by the Group's Chief Operating Decision Maker at a Group rather than segmental level, and a number of the significant costs which the Group incurs cannot be allocated either directly or on a reasonable and consistent basis to the CGUs that are each operating segment. Therefore the cash flows estimated for these segments include all of the Group's forecast revenues and an allocation of the Group's forecast costs.

The Group has therefore also performed a further impairment test for the Group as a whole, in a manner consistent with previous years. In these calculations the Group is treated as one group of CGUs, and the test compared the carrying amount, including goodwill and other corporate assets, to the recoverable amount.

The recoverable amount has been estimated based on the present value of its future cash flows which has been calculated with a set of assumptions consistent with those set out above in relation to the individual operating segment calculations.

The analysis performed calculates that the recoverable amount of the Group's assets exceeds their carrying value by £444million (2012: £469million), and as such, no impairment was identified.

With regard to the Group level impairment testing, the level of decrease in cash flows, with all the other assumptions held constant, required to give a value in use for the Group's assets equal to their carrying value, would be in excess of what can reasonably be expected to happen (2012: outside of reasonable range). Similarly, the level of the increase in the discount rate, with all other assumptions held constant, required to give a value in use for the Group's assets equal to their carrying value, would be in excess of what can reasonably be expected to happen (2012: outside of reasonable range).

At an asset category level, management believe that the assumptions relating to each intangible asset remain applicable, and that no adjustment is required to their valuation, nor their useful economic lives.

ACQUISITION OF FINANCIAL SERVICES NET LIMITED ('FSN')

During 2012 FSN continued to trade below management expectations. As a result of this management reviewed the remaining intangible assets for impairment. The analysis performed calculated the value in use of FSN being lower than the carrying value of the business' identified intangible assets. Therefore, an impairment charge of £4.4m was recognised within administrative expenses, as well as a credit of £0.2m in relation to the release of the accrued contingent consideration.

During 2013 the business ceased to trade. This has had no impact on the carrying value of the related goodwill. An impairment review has not been performed on FSN in the current year as the related goodwill has no carrying value.

ACQUISITION OF LOCAL DAILY DEALS LIMITED ('LDD')

In 2012, LDD traded below its forecast performance, and as a result management reviewed the goodwill balance for impairment. The analysis performed calculated the value in use of LDD being lower than the carrying value of goodwill created on the acquisition of LDD. Therefore an impairment charge of £0.6m was recognised in 2012 in administrative expenses.

During 2013 the business ceased to trade. This has had no impact on the carrying value of the related goodwill. An impairment review has not been performed on LDD in the current year as the related goodwill have no carrying value.

ACQUISITION OF CERTAIN TRADE AND ASSETS OF MARTIN LEWIS AND MONEYSAVINGEXPERT.COM

The fair value of the intangible assets recognised upon the acquisition of trade and certain assets from Martin Lewis and MoneySavingExpert.com ("MSE") were calculated as set out below:

- **Market related**

  Within MSE, the main market related intangible assets are the MSE tradename, MSE domain name and Martin Lewis' image and reputation. These assets were valued using an income-based approach, namely, the royalty savings method, where it is assumed that a company, without similar assets, would license the right to use these assets and pay a royalty related to turnover achieved over their useful economic life of 10 years. A royalty rate of 20% has been applied for the first three years after acquisition, which will include the use of Martin Lewis' name and image, and a 10% royalty rate has been used for the following seven years when Martin Lewis' name and image will not be included.

- **Customer lists**

  This asset represents the value of the customer data held by MSE at the date of acquisition, and its valuation has been performed with reference to the cost of buying an equivalent book of customer data on the open market. This was done through analysis of recent sales of comparable assets.

- **Non-compete agreement**

  To value the non-compete agreement management considered what percentage of the business could be lost if Martin Lewis was to leave the acquired business and subsequently compete against the Group. The non-compete agreement is valid for a period of four years following acquisition. However, as the contingent remuneration which may become payable to Martin Lewis is dependent upon his continued employment by the business for three years following the acquisition, the non-compete agreement has been valued for the twelve months following the three year earnout period.

- **Tax amortisation benefit**

  Included in the market related intangible and non-compete agreement is an additional increment of value, the tax amortisation benefit.

The goodwill balance recognised upon the acquisition represented the anticipated incremental value which the Group expected to generate by applying the existing skills and expertise within the Group's workforce to the acquired business and assets, as well as the skills and expertise of the acquired workforce and Martin Lewis.

The recoverable amount has been estimated based on the present value of its future cash flows using the following key assumptions:

- Cash flows for year 1 represent management's best estimate of future cash flows as at 31 December 2013, and are based upon the Group's approved budget for 2014. The main assumptions underlying the budget relate to visitor numbers, the amount of revenue generated per visitor, and the staff resource required to run the business. The forecast assumes an improvement during 2014, driven by investments in technology and search engine optimisation.

- Cash flows for the first three years assume an average 10% per annum increase in revenue, with costs expected to grow at around 10% per annum. Cash flows after three years assume no growth.
- Cash flows into perpetuity have been built into the model.
- A pre-tax discount rate of 16.2% (2012:16.2%) has been used in the forecast.

The analysis performed calculates that the recoverable amount of the assets exceeds their carrying value by £24m (2012: £16m), and as such, no impairment was identified. The discount rate would need to increase to 22% (2012: 19%), with all other assumptions held constant, to give a value in use of MSE's assets equal to the carrying value. Similarly, a decrease in the annual cash flows of £4.0m (2012: £2.5m) with all other assumptions held constant, would also give a value in use equal to the carrying value.

5 Related party transactions

The Group has the following investments in subsidiaries and associates:

	Country of incorporation	Ownership interest	Principal activity
Moneysupermarket.com Financial Group Limited	UK	100	Holding company
Moneysupermarket.com Limited	UK	100	Internet price comparison
Moneysupermarket.com Financial Group Holdings Limited	UK	100	Holding company
MoneySavingExpert.com Limited	UK	100	Personal finance website
Travelsupermarket.com Limited	UK	100	Dormant
Insuresupermarket.com Limited	UK	100	Dormant
Mortgage 2000 Limited	UK	100	Financial intermediary services
Making Millionaires Limited	UK	100	Holding company
Moneysupermarket Limited	UK	100	Dormant
icero GmbH	Germany	100	Dormant
Betcompare.com Limited	UK	100	Dormant
Financial Services Net Limited	UK	100	Financial intermediary Services
Local Daily Deals Limited	UK	100*	Discounted deals website
HD Decisions Limited	UK	25	Credit scoring technology

*The investment in Local Daily Deals Limited increased from 51% to 100% during the year.

The Company is the ultimate parent entity of the Group. Intercompany transactions with wholly owned subsidiaries have been excluded from this note, as per the exemption offered in IAS 24.

The aggregate value of transactions and outstanding balances relating to entities which were not wholly-owned subsidiaries at the balance sheet date were as follows:

Company	**Transaction value Year ended 31 December 2013 £000**	Transaction value Year ended 31 December 2012 £000	**Balance outstanding as at 31 December 2013 £000**	Balance outstanding as at 31 December 2012 £000
HD Decisions Limited	**1,425**	1,110	**(199)**	(90)

Transactions with key management personnel
In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers. Directors and executive officers also participate in the Group's Long Term Incentive Plan scheme.

Gerald Corbett, Michael Wemms, Bruce Carnegie-Brown, Simon Nixon, Peter Plumb, Graham Donoghue, Paul Doughty and Sally James in total received dividends from the Group totalling £12,996,673 in 2012 and £34,763,898 in 2013.

There were no amounts outstanding to the Company or any future commitments of the Company as at 31 December 2013 (2012: nil).

Key management personnel compensation
Key management, defined as the executive management team, received the following compensation during the year:

	31 December 2013 £000	31 December 2012 £000
Short-term employee benefits	2,048	1,544
Share-based payments	1,786	1,445
Post employment benefits	330	141
	4,164	3,130

In addition to the above, the executive management team received a bonus of £2,106,000 (2012: £2,061,000) in relation to the reporting period.

Statutory Information

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 31 December 2012 but is derived from those accounts. Statutory accounts for 2012 have been delivered to the registrar of companies, and those for 2013 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.

The annual report and accounts for the year ended 31 December 2013 will be posted to shareholders in March 2014. The results for the year ended 31 December 2013 were approved by the Board of Directors on 3 March 2014 and are audited. The Annual General Meeting will take place on 23 April 2014. The final dividend will be payable on 2 May 2014 to shareholders on the register at the close of business on 21 March 2014.

Cautionary note regarding forward looking statements

This announcement includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules, Disclosure and Transparency Rules and applicable law, the Company undertakes no obligation to update, revise or change any forward looking statements to reflect events or developments occurring on or after the date such statements are published.