

Registered Number 4046810

Pricerunner Limited

**Annual report and financial statements
for the year ended**

31 December 2012

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Pricerunner Limited

Annual report for the year ended 31 December 2012

Contents

	Pages
Director and advisers	1
Director's report	2-4
Independent auditors' report	5-6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9-16

Pricerunner Limited

Director and advisers

Director

John Pitstick

Company secretary

Goodwille Corporate Services Limited

Registered office

St James House
13 Kensington Square
London
W8 5HD

Solicitors

Lawrence Graham
190 Strand
London
WC2R 1JN

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank PLC
Media Banking Centre
27 Soho Square
London
W1D 3QR

Pricerunner Limited

Director's report for the year ended 31 December 2012

The director presents his report and the audited financial statements of the company for the year ended 31 December 2012

Principal activities

The principal activity of the company is that of compiling a website that provides consumers with product and price comparison information on capital goods. Revenues are generated from leads, commission, display advertising and licensing of the company's content and technologies.

Review of business and future prospects

The director is satisfied with the performance achieved by the business which is in line with expectations given the challenging economic environment faced in 2012. The company intends to continue its current strategy but anticipated that the business will contract slightly in 2013 due to changes in the internet industry.

Despite operating in a very competitive environment, turnover increased by 12% to £7.8 million since the prior year (2011: £7.0 million). The main contributing factors for this increase have been attributed to a change in strategy which resulted in increased Display and third party revenues. The company has net assets of £3.2 million (2011: £3.0 million).

Gross profit reduced by 27% to £3.2 million, this reduction was driven by the reclassification of some costs which are now part of costs of sales and were previously treated as administrative expenses. If these costs were excluded, gross profit for 2012 would have increased by 9.5%. Due to the reclassification of these costs, operating expenses reduced by 32% to £3m. The increase in revenue, reduction in gross profit and operating expenses resulted in 2012 returning to profitability and reporting an operating gain of £180,000 despite having a £23,000 charge in relation to exchange losses.

The results for the year are in line with expectations. Please see below for further details and analysis using key performance indicators (KPI's).

	2012	2011	Definition and analysis
Movement in turnover (%)	12	13	Year on year movement in turnover expressed as a percentage. The increase in 2012 is in line with expectations and resulted from the continuous change in the sales mix.
Movement in Gross profit (%)	(27)	10	Year on year movement in gross profit expressed as a percentage. This decline is attributed primarily to the reclassification of some costs from operating expenses to cost of sales. Had the reclassification not taken place the percentage increase in Gross profit would have been 9.5.
Gross margin (%)	42	64	Gross margin is the ratio of gross profit expressed as a percentage of turnover. The decrease in margin is due to lower gross profit driven by the reclassification of some costs from operating expenses to cost of sales. Without this reclassification, Gross Margin would have been 63 which is broadly in line with prior year.

Pricerunner Limited

Director's report for the year ended 31 December 2012 (continued)

Principal risks and uncertainties

The company's main risk relates to the emergence of new competitors. The company constantly innovates its technology and offering to its users in order to ensure that it stays competitive and meets the needs of the market. As part of one of the world's largest integrated online marketing groups, it is able to leverage the knowledge and expertise from other areas of the group in order to constantly innovate and to maintain its competitive advantage.

Financial risk management

The company's activities expose it to a variety of financial risks, including

- **Price risk**

The company's current exposure to price risk is low. The company seeks to reduce this risk by maintaining the provision of high quality service to its users and customers. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

- **Credit risk**

The company is exposed to the normal business risk of trade debtors defaulting on payment. It minimises this risk by frequently monitoring its processes and credit policies.

- **Foreign currency exchange risk**

The company is a subsidiary of ValueClick Inc and undertakes foreign exchange transactions with fellow subsidiary undertakings whose principal operations are conducted in Dollars, Euros, South African rand, Swedish krona and Danish krona. The company does not seek to mitigate its exchange risk at this stage, however, this will be reviewed going forward in light of the present economic climate.

- **Liquidity risk**

The company does not foresee any risks associated with liquidity. The company is profitable and its parent company has adequate credit arrangements in place should the company require cash.

Results and dividends

The profit for the financial year is £150,000 (2011 – loss of £45,000). The director does not recommend the payment of a dividend (2011 – £nil).

Director

The directors of the company who were in office during the year and up to the date of signing the financial statements (unless otherwise noted) were

James Zarley – resigned 1 April 2013

John Pitstick – appointed 1 April 2013

Pricerunner Limited

Director's report for the year ended 31 December 2012 (continued)

Statement of director's responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the director is required to

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

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

Statement on disclosure of information to auditors

So far as the director in office at the date of signing of this report is aware, there is no relevant audit information of which the company's auditors are unaware. The director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Director's indemnities

The company maintains liability insurance for its director and officers. Following shareholder approval the company has also provided an indemnity for its director and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.



John Pittstick
Director

27 March 2013

Pricerunner Limited

Independent auditors' report to the members of Pricerunner Limited

We have audited the financial statements of Pricerunner Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of director and auditors

As explained more fully in the statement of director's responsibilities set out on page 4 the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Pricerunner Limited

Independent auditors' report to the members of Pricerunner Limited (continued)

Matters on which we are required to report by exception

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

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



Brian Henderson (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

27 AUGUST 2013

Pricerunner Limited

Profit and loss account for the year ended 31 December 2012

Registered Number 4046810

	Note	2012 £'000	2011 £'000
Turnover	2	7,796	6,979
Cost of sales		<u>(4,548)</u>	<u>(2,517)</u>
Gross profit		3,248	4,462
Administrative expenses		<u>(3,068)</u>	<u>(4,512)</u>
Operating profit / (loss)	3	180	(50)
Interest receivable and similar income	5	<u>6</u>	<u>10</u>
Profit / (Loss) on ordinary activities before taxation		186	(40)
Tax on profit / (loss) on ordinary activities	6	<u>(36)</u>	<u>(5)</u>
Profit / (Loss) for the financial year	12	<u>150</u>	<u>(45)</u>

The above results relate to the continuing operations of the company

The company has no recognised gains and losses for the current and prior year, other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented

Pricerunner Limited

Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	7	30	31
Current assets			
Debtors	8	3,404	3,557
Cash at bank and in hand		5,058	3,033
		<u>8,462</u>	<u>6,590</u>
Creditors' amounts falling due within one year	9	<u>(5,339)</u>	<u>(3,618)</u>
Net current assets		<u>3,123</u>	<u>2,972</u>
Net assets		<u>3,153</u>	<u>3,003</u>
Capital and reserves			
Called up share capital	11	680	680
Profit and loss account	12	2,473	2,323
Total shareholders' funds	13	<u>3,153</u>	<u>3,003</u>

The financial statements on pages 7 to 16 were approved by the board *27 March 2013* and were signed by



John Pitstick
Director

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012

1 Principal accounting policies

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Cash flow statement

The company is a wholly owned subsidiary of ValueClick Inc, incorporated in the United States of America. ValueClick Inc produces publicly available consolidated financial statements. The company has therefore taken advantage of the exemption from preparing a cash flow statement in accordance with paragraph 5(a) of Financial Reporting Standard Number 1 (Revised 1996).

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 not to disclose related party transactions with group companies.

Turnover

Turnover is recognised when the right to receive payment has occurred, which is at the point the transaction is processed. Turnover is recognised net of value added tax and trade discounts and provisions.

Turnover includes some sales based on commission deals where returns are a possibility. This turnover is recognised by making a provision for returns based upon historical experience.

Accrued income includes amounts earned at the balance sheet date which the company has not yet invoiced.

Revenue is only recognised once it can be shown to be recoverable from our customers in exceptional situations where the company decides to trade on credit terms with the customer who has failed a credit check or we have reason to believe that the revenue in question might not be recoverable, revenue is deferred until the related invoice has been paid.

Deferred taxation

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

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Principal accounting policies (continued)

Foreign currencies

Monetary assets and liabilities in foreign currencies are recorded using the rate of exchange ruling at the balance sheet date. Transactions denominated in foreign currency are translated into sterling using the rate ruling at the transaction date. All foreign exchange gains and losses are taken to the profit and loss account.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of tangible fixed assets is their purchase price together with any incidental costs of acquisition. Costs that are directly attributable to the development of new business application hardware and software, which are incurred during the period prior to the date that the systems are placed into operational use, are capitalised. Depreciation is charged once the system is available for operational use.

Depreciation is calculated on a straight line basis at rates calculated to write off the cost of the assets over their estimated useful lives. The rates of depreciation are as follows:

Computer equipment and software	3 years, depreciation commencing when systems are available for operational use
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Pension scheme arrangements

Pension contributions are made to a defined contribution scheme, which is maintained by a third party provider. Contributions are charged to the profit and loss account as they fall due. There were no outstanding pension contributions at the balance sheet date (2011: £nil).

The company provides no other post-retirement benefits to its employees.

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 Turnover

Turnover derives entirely from the principal activity of the company

Turnover comprises the following geographical areas by destination Turnover by origin is not materially different from turnover by destination

	2012	2011
	£'000	£'000
UK	5,096	4,641
Europe	2,637	2,283
Rest of world	63	55
	<u>7,796</u>	<u>6,979</u>

3 Operating profit / (loss)

Operating profit / (loss) is after charging	2012	2011
	£'000	£'000
Depreciation charge for the year on owned tangible fixed assets	16	5
Auditors' remuneration		
Fees payable for the statutory audit of the company's financial statements	30	32
Foreign exchange loss	<u>23</u>	<u>130</u>

4 Employees

The average monthly number of persons (including executive directors) employed by the company during the year was

	2012	2011
	Number	Number
By activity		
Selling and distribution	12	9
Administration	<u>5</u>	<u>6</u>
	<u>17</u>	<u>15</u>

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Employees (continued)

	2012 £'000	2011 £'000
Staff costs (for the above persons)		
Wages and salaries	764	689
Social security costs	83	81
Other pension costs	28	26
	<u>875</u>	<u>796</u>

The directors received no remuneration from the company in the current or prior year in respect of their services to the company

The directors do not receive any pension contributions to either money purchase or defined benefit pension schemes (2011 £nil)

5 Interest receivable and similar income

	2012 £'000	2011 £'000
Bank interest receivable	6	8
Interest receivable on corporation tax	-	2
	<u>6</u>	<u>10</u>

6 Tax on profit / (loss) on ordinary activities

(a) Analysis of charge in the year

	2012 £'000	2011 £'000
Current Tax.		
UK corporation tax on profits of the year	44	-
Total current tax (Note 6b)	<u>44</u>	<u>-</u>
Deferred Tax.		
Origination and reversal of timing differences (note 10)	(3)	5
Adjustments in respect of prior years (note 10)	(5)	-
Total deferred tax	<u>(8)</u>	<u>5</u>
Tax on profit on ordinary activities	<u>36</u>	<u>5</u>

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 Tax on profit / (loss) on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax charge for the year per the table below is higher (2011 per prior year is higher) than the standard rate of corporation tax in the UK 24.5% (2011 26%). The differences are explained below

	2012 £'000	2011 £'000
Profit / (Loss) on ordinary activities before taxation	186	(40)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26%)	41	(11)
Effects of		
Expense not deductible for tax purposes	1	1
Depreciation in excess of capital allowances	1	(9)
Other timing differences	1	-
Amount surrendered as group relief for nil consideration	-	15
Employee share schemes	-	4
Current tax charge for the year (note 6a)	44	-

A deferred tax asset of £8k (2011 £Nil) has been recognised. Please refer to note 10

(c) Factors affecting future tax charge

No significant differences are anticipated between profits for accounting and tax purposes in future years

The deferred tax asset is disclosed at 24% (2011 25%) of the temporary differences in the financial statements for the year and will be recoverable against future profits

In his budget of March 2013, the Chancellor of the Exchequer provided for a reduction of corporation tax from 24% to 23% with effect from April 2013

The budget proposed a decrease in the rate of UK corporation tax from 23% to 21% with effect from April 2014, and then from 21% to 20% from April 2015. The effect of the reduction in the tax rate to 20% on the Company's deferred tax would be to reduce the value of the unrecognised deferred tax asset. The rate change will also impact the amount of the future cash tax payment to be made by the company.

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statement in future years, as appropriate, once the proposals have been substantively enacted.

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Tangible assets

	Computer software £'000
Cost at	
At 1 January 2012	36
Additions	15
At 31 December 2012	51
Accumulated depreciation	
At 1 January 2012	5
Charge for the year	16
At 31 December 2012	21
Net book value	
At 31 December 2012	30
At 31 December 2011	31

8 Debtors

	2012 £'000	2011 £'000
Trade debtors	1,087	1,302
Amounts owed by group undertakings	1,051	1,428
Deferred tax asset (note 10)	8	-
Corporation tax	452	151
Prepayments and accrued income	806	676
	3,404	3,557

The amounts owed by group undertakings are non-interest bearing, repayable on demand and unsecured

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	642	488
Amounts owed to group undertakings	4,040	2,316
Taxation and social security costs	16	6
Accruals and deferred income	641	808
	<u>5,339</u>	<u>3,618</u>

The amounts owed to group undertakings are non-interest bearing, repayable on demand and unsecured

10 Deferred tax asset

	2012	2011
	£'000	£'000
Depreciation in excess of capital allowances	4	-
Other timing differences	<u>4</u>	<u>-</u>
Total deferred tax asset	<u>8</u>	<u>-</u>
At 1 January	-	4
Deferred tax credit / (charge) in profit and loss account	<u>8</u>	<u>(4)</u>
At 31 December	<u>8</u>	<u>-</u>

11 Called up share capital

	2012	2011
	£'000	£'000
Authorised		
1,000,000 (2011 1,000,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
680,001 (2011 680,001) ordinary shares of £1 each	<u>680</u>	<u>680</u>

Pricerunner Limited

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Reserves

	Capital contribution £'000	Profit and loss account £'000
At 1 January 2012	-	2,323
Profit for the financial year	-	150
At 31 December 2012	-	2,473

13 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Opening shareholders' funds	3,003	3,048
Profit / (loss) for the financial year	150	(45)
Closing shareholders' funds	3,153	3,003

14 Ultimate, immediate parent company and controlling party

At 31 December 2012, the controlling party and beneficial owner of 100% of the company was PriceRunner AB, incorporated in Sweden. Copies of the group financial statement (the smallest group into which the Company is consolidated), can be obtained at Karlbergsvagen 77, Stockholm, SE 11333, Sweden.

PriceRunner AB is owned by PriceRunner Holding AB (49.5%) and ValueClick Inc (50.5%). ValueClick Inc owns 100% of PriceRunner Holding AB.

The ultimate parent undertaking and controlling party is Valueclick Inc, a company incorporated in the United States of America.

Copies of ValueClick Inc group financial statement (the largest group into which the Company is consolidated) can be obtained at 30699 Russell Ranch Road, Suite 250, Westlake Village, California 91362, USA.