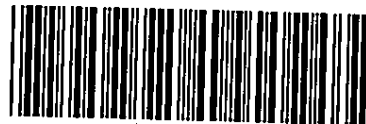


6  
Registration number 03175440

# Mortgage Next Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2012



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**Mortgage Next Limited**  
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**Mortgage Next Limited**  
**Company Information**

**Registration Number** 03175440

**Directors** J Clarke  
S A Laker  
N Stockton  
G Turner  
**Company secretary** G R Williams

**Registered office** Roddis House  
12 Old Christchurch Road  
Bournemouth  
BH1 1LG

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RN

## **Mortgage Next Limited**

### **Directors' Report for the Year Ended 31 December 2012**

The directors present their report and the audited financial statements of Mortgage Next Limited (Company number 03175440) for the year ended 31 December 2012

#### **Principal activity**

The company's principal activity is the arrangement of mortgage and insurance business. The company integrated the DA proposition from Mortgage Intelligence Limited into Mortgage Next Limited, branded as "Next Intelligence".

This resulted in reduced costs and consequently, reduced losses. The new brand offers 3 choices to the DA intermediary and includes a wider insurance proposition.

#### **Key performance indicators**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the developments, performance or position of the business of Mortgage Next Limited.

#### **Results and Business review**

The mortgage market continues to be a challenge although the new initiative such as the Funding for Lending Scheme (FLS) offers positive signs. The focus towards the end of 2012 and on-going is to enhance the protection proposition for the Directly Appointed membership and offers a wide range of services to help mitigate the risk of the housing market not performing.

The company reports a pre-tax loss of £123,000, for the 12 months ended 31 December 2012 (17 months ended 31 Dec 2011 pre-tax loss of £584,000). The company's net assets reduced during the year from £192,000 to £77,000.

The directors do not recommend the payment of a dividend (2011 nil).

#### **Going concern**

After making enquiries, and in light of a guarantee from Countrywide plc to fund any short term working capital commitments, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the financial statements.

#### **Directors of the company**

The directors who held office during the year and up until the date of signing this report were as follows:

J Clarke

S A Laker

N Stockton

G Turner

**Mortgage Next Limited**  
**Directors' Report for the Year Ended 31 December 2012**

*..... continued*

**Creditor Payment Policy**

It is not the company's policy to specify any code of payment practice across the group. Each of the Group's operating business is responsible for agreeing the terms under which transactions with suppliers are conducted. However, it is group policy that payments to suppliers must be made in accordance with these terms, providing that the supplier is also complying with the agreed terms of business. The number of creditor days outstanding at 31 December 2012, based on the financial statements, was 30 days (2011: 21) for the Company.

**Financial risk management**

The directors consider that the financial risks are the same as those that are relevant to the group. Accordingly, these have been disclosed in the Countrywide Holdings, Ltd financial statements.

**Indemnification of directors**

Qualifying third party provisions (as defined in Section 234 of the Companies Act 2006) were in force during the financial year and at the date of approval of the financial statements for the financial statements for the benefit of directors and former directors who held office in 2012.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Mortgage Next Limited**  
**Directors' Report for the Year Ended 31 December 2012**

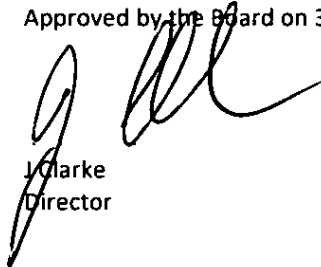
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**Statement on disclosure of information to auditors**

For persons who were directors at the time this report was prepared, the following applies

- So far as the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- The directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of any such information

Approved by the Board on 30 April 2013 and signed on its behalf by



J. Clarke  
Director

## **Mortgage Next Limited**

### **Independent Auditors' Report to the Members of Mortgage Next Limited**

We have audited the financial statements of Mortgage Next Limited for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and (United Kingdom Generally Accepted Accounting Practice)

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement (set out on pages 3 and 4), the directors are 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. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the 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 applicable to smaller entities, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Mortgage Next Limited**

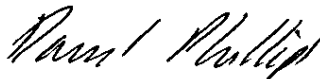
**Independent Auditors' Report to the Members of  
Mortgage Next Limited**

*..... 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, or



Darryl Phillips (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditors

London

30 April 2013



**Mortgage Next Limited**  
**Profit and Loss Account for the Year Ended 31 December 2012**

	Note	Year ended 31 December 2012 £ 000	1 August 2010 to 31 December 2011 £ 000
Turnover		308	144
Other operating charges	3	<u>(430)</u>	<u>(728)</u>
Loss on ordinary activities before taxation		(122)	(584)
Tax on loss on ordinary activities	4	<u>28</u>	<u>65</u>
Loss for the financial year		<u><u>(94)</u></u>	<u><u>(519)</u></u>

All results derive from continuing operations

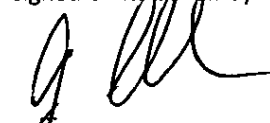
The company has no recognised gains or losses for the year/period other than the results above. Therefore no separate statement of total gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and loss for the year/period stated above and their historical costs equivalents.

**Mortgage Next Limited**  
**(Registration number: 03175440)**  
**Balance Sheet at 31 December 2012**

	Note	31 December 2012 £ 000	31 December 2011 £ 000
<b>Fixed assets</b>			
Tangible fixed assets	5	-	30
Investments	6	300	-
		<u>300</u>	<u>30</u>
<b>Current assets</b>			
Debtors	7	1,748	1,631
Cash at bank and in hand		345	313
		<u>2,093</u>	<u>1,944</u>
Creditors Amounts falling due within one year	8	(2,295)	(1,782)
Net current (liabilities)/assets		<u>(202)</u>	<u>162</u>
Total assets less current liabilities		<u>98</u>	<u>192</u>
<b>Capital and reserves</b>			
Called up share capital	9	50	50
Profit and loss account	10	48	142
Total shareholder funds		<u>98</u>	<u>192</u>

The financial statements on pages 9 to 18 were approved by the Board of Directors on 30 April 2013 and signed on its behalf by

  
J Clarke  
Director

## **Mortgage Next Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2012**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been 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 applicable accounting standards have been consistently applied.

##### **Cash flow statement**

The company's ultimate parent undertaking, Countrywide Holdings, Ltd, publishes a consolidated cash flow statement. A separate cash flow statement for the company is therefore not prepared as the company has taken advantage of the exceptions within FRS 1 Cash flow statements (revised 1996) from preparing a cash flow statement.

##### **Group financial statements**

The company has taken advantage of the exemption from the requirement to prepare group financial statements because it is included in the financial statements of the ultimate parent undertaking Countrywide Holdings, Ltd, a company registered in the Cayman Islands. The financial statements present information about the company and not about the group.

##### **Going concern**

In considering the appropriateness of the going concern basis, the Board has reviewed the key risks and uncertainties to which they believe the company is exposed, the company's ongoing financial commitments and the availability of sufficient group resources for the next twelve months and beyond. As a result of this, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have satisfied themselves that it is appropriate to prepare these statements on a going concern basis.

After making enquiries, and in light of a guarantee from Countrywide plc to fund any short term working capital commitments, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in the financial statements.

##### **Turnover**

Turnover represents amounts invoiced, excluding Value Added Tax, in respect of the sale of goods and services to customers. All turnover arises in the UK. The company receives gross procurement fees from lenders and product providers, and recognises its commission on the gross procurement fee as turnover when it has been reconciled and allocated to a broker. In the directors' view, this is the first point at which the company can make a reliable estimate of income.

##### **Investments**

Investments in subsidiaries and associates are carried at cost less any impairment.

## **Mortgage Next Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2012**

**..... continued**

#### **Depreciation**

Depreciation is calculated to write off the cost of fixed assets on a reduced balance basis over their estimated useful lives. The following rates are used:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures and Fittings	25%

#### **Hire purchase and leasing**

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

#### **Deferred tax**

The charge for tax is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain capital and expense items for taxation and accounting purposes. Deferred tax assets and liabilities are recognised in accordance with FRS19 Deferred Taxation. The company has chosen not to discount the deferred tax asset or liability, to reflect the FRS19. Except where permitted by FRS19, deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they will be relieved in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance date.

## Mortgage Next Limited

### Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

#### 2 Particulars of employees

All staff costs incurred in the year were borne by Mortgage Intelligence Limited, a fellow group undertaking, and recharged to Mortgage Next Limited through a management fee within other operating charges

The directors were paid by a fellow group undertaking and as such they do not consider it practical to allocate their remuneration between various group entities and therefore staff costs exclude their remuneration

#### 3 Loss on ordinary activities after taxation

Operating loss is stated after charging

	Year ended 31 December 2012 £ 000	1 August 2010 to 31 December 2011 £ 000
Depreciation of tangible assets	8	33
Loss on sale of tangible fixed assets	22	-
Auditors' remuneration for audit work	8	7
Operating lease rentals		
- land and buildings	-	1

# Mortgage Next Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

### 4 Tax on loss on ordinary activities

#### Tax on loss on ordinary activities

	Year ended 31 December 2012 £ 000	1 August 2010 to 31 December 2011 £ 000
<b>Current tax</b>		
Corporation tax credit	(33)	(80)
Adjustments in respect of prior periods	(4)	-
UK Corporation tax	(37)	(80)
<b>Deferred tax</b>		
Origination and reversal of timing differences	9	(4)
Deferred tax adjustment relating to prior periods	-	19
Total deferred tax	9	15
Total tax on loss on ordinary activities	(28)	(65)

#### Factors affecting current tax charge for the year

Tax on loss on ordinary activities for the period is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 27%)

The differences are reconciled below

	Year ended 31 December 2012 £ 000	1 August 2010 to 31 December 2011 £ 000
Loss on ordinary activities before taxation	(122)	(584)
Corporation tax at standard rate	(30)	(158)
Accelerated capital allowances	(9)	3
Adjustments in respect of prior periods	(4)	-
Loss carried forward	-	75
Effect of tax rate change	6	-
Total current tax	(37)	(80)

# Mortgage Next Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

The main rate of corporation tax reduced from 26% to 24% from 1 April 2012. A further reduction in the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in Finance Act 2012, enacted on 17 July 2012. Further reductions in the main corporation tax rate of to 21% from 1 April 2014 and 20% from 1 April 2015 are proposed.

### Deferred tax

The analysis of the deferred tax asset at the year/period end is as follows

	31 December 2012 £ 000	31 December 2011 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	43	52
	<u>43</u>	<u>52</u>

The movement in the deferred tax asset in the year is as follows

	£ 000
At 1 January 2012	52
Deferred tax charged to the profit and loss account	(9)
At 31 December 2012	<u>43</u>

### Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24.5% and will be taxed at 23% in the future.

The overall effect of the further changes from 23% to 20%, if these applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax asset by £5,612.

# Mortgage Next Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

..... *continued*

### 5 Tangible assets

	Fixtures and Fittings £ 000
<b>Cost or valuation</b>	
At 1 January 2012	78
Disposals	(78)
At 31 December 2012	-
<b>Accumulated depreciation</b>	
At 1 January 2012	48
Charge for the year	8
Eliminated on disposals	(56)
At 31 December 2012	-
<b>Net book value</b>	
At 31 December 2012	-
At 31 December 2011	30



## Mortgage Next Limited

### Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

#### 6 Investments

##### Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
<b>Cost</b>	
At 1 January 2012	-
Additions	300
At 31 December 2012	300
<b>Net book value</b>	
At 31 December 2012	300

The company invested in a fellow group undertaking who subscribed for additional share capital during the year. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Fixed asset investments represent 100% of the ordinary share capital of the sole subsidiary undertaking, Mortgage Next Network Limited, a company registered in the United Kingdom, which specialises in arranging mortgage and insurance business.

# Mortgage Next Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

### 7 Debtors

	31 December 2012 £ 000	31 December 2011 £ 000
Trade debtors	91	-
Amounts owed by ultimate parent undertaking	81	-
Amounts owed by fellow subsidiary undertaking	1,500	1,500
Prepayments and accrued income	-	1
Group relief receivable	33	78
Deferred tax asset	43	52
	<u>1,748</u>	<u>1,631</u>

Debtors include £1,500,000 (2011 £1,500,000) owed by a fellow subsidiary falling due greater than one year, and is unsecured and interest free

### 8 Creditors Amounts falling due within one year

	31 December 2012 £ 000	31 December 2011 £ 000
Trade creditors	37	-
Amounts owed to fellow subsidiary undertaking	2,251	1,730
Other creditors	-	52
Accruals and deferred income	7	-
	<u>2,295</u>	<u>1,782</u>

Amount owed to group fellow subsidiary undertakings are unsecured, non-interest bearing and repayable on demand

# Mortgage Next Limited

## Notes to the Financial Statements for the Year Ended 31 December 2012

..... *continued*

### 9 Called up share capital

	2012 £ 000	2011 £ 000
<b>Authorised</b>		
50,000 (2011 50,000) ordinary shares of £1 each	50	50
100 (2011 100) "A" ordinary shares at £1 each	-	-
	<u>50</u>	<u>50</u>
<b>Allotted and fully paid</b>		
50,000 (2011 50,000) ordinary shares of £1 each	<u>50</u>	<u>50</u>

### 10 Reconciliation of movement in shareholder funds and reserves

	Called up share capital £ 000	Profit and loss account £ 000	Total £000
At 1 January 2012	50	142	192
Loss for the year	<u>-</u>	<u>(94)</u>	<u>(94)</u>
At 31 December 2012	<u>50</u>	<u>48</u>	<u>98</u>

## **Mortgage Next Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2012**

**..... continued**

#### **11 Related party transactions**

The company has taken advantage of the exemption under FRS 8 'Related party transactions' where disclosure is not required on the grounds that it is a wholly owned subsidiary of a group headed by Countrywide Holdings, Ltd, whose financial statements are publicly available

#### **12 Parent and ultimate parent entity**

The company's immediate parent company is Mortgage Intelligence Holdings Ltd Countrywide Holdings, Ltd was the ultimate parent controlling party until 18 March 2013 Following a group restructuring on 18 March 2013 Countrywide plc, a company incorporated in the United Kingdom, became the parent company of the Countrywide Holdings, Ltd Subsequently on 25 March 2013 Countrywide plc was listed on the London Stock Exchange

Countrywide holdings, Ltd is a company incorporated in the Cayman Islands The largest and smallest consolidated financial statements for the year ended 31 December 2012 which include the results of the company have been prepared by Countrywide Holdings, Ltd These consolidated financial statements are available by request from the Company Secretary of Countrywide plc, 17 Duke Street, Chelmsford, Essex CM1 1HP