

# **MORTGAGE NEXT LIMITED**

## **DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS for the Year Ended 31 December 2021**

(Registered number: 03175440)

WEDNESDAY



\*ABDI6RSW\*

A18

28/09/2022

#185

COMPANIES HOUSE

---

**Mortgage Next Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 December 2021**

**Contents**

Directors' Report	2
Statement of Directors' Responsibilities	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
<i>Statement of Changes in Equity</i>	7
Notes to the Financial Statements	8

---

## Directors' Report

The Directors present their annual report and the unaudited financial statements for the year ended 31 December 2021

### INTRODUCTION AND OVERVIEW

Mortgage Next Limited is a private company limited by share capital which is incorporated and domiciled in the UK. The address of its registered office is Roddis House 4th Floor, 4-12 Old Christchurch Road, Bournemouth, Dorset, BH1 1LG, United Kingdom

The principal activity of the company is the arrangement of mortgage and insurance business on behalf of directly appointed mortgage brokerage firms

### DIRECTORS

The Directors who held office during the year and up to the date of signing the financial statements were as follows

Peter Curran	(resigned 8 March 2021)
Sarah Laker	
David Livesey	(appointed 8 March 2021)
Adrian Scott	(appointed 8 March 2021)
Richard Twigg	(appointed 8 March 2021)

### ACQUISITION BY CONNELLS

On 8 March 2021 the entire share capital of Countrywide Limited, of which the Company is a wholly owned subsidiary, was acquired by Connells Limited

### DIVIDENDS

The directors do not recommend the payment of a final dividend (2020: £Nil), and no dividends were paid during the year (2020: £Nil).

### CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable or political donations in 2021 (2020: £nil)

### GOING CONCERN

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 31 December 2023, including the continuing impact of Covid-19 on its operations within the UK

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2021 the Company reported a net profit before tax of £1,058,000 (2020: £899,000) and at 31 December 2021 had comparable cash balances to the prior year amounting to £219,000 (2020: £1,210,000). At the date of signing these accounts, the Company continues to hold a similar working cash balance and has no external debt.

In forming their view on going concern, the Directors continue to perform extensive forecasting to model potential market shocks, including the ongoing impact of the Covid-19 pandemic and its potential impact on business volumes. In particular the Directors have considered and modelled a number of severe but plausible scenarios, including the impact of a material downturn in the UK housing market caused by the Covid-19 pandemic or other political and economic circumstances. The key assumptions used in this severe stress scenario are as follows:

- A two month lockdown forces the UK housing market to close, reducing transactions to the level seen in April and May 2020 before slowly recovering.
- Taking mitigating actions to reduce headcount, capital expenditure and marketing spend.

The Company's financial strength means that it is well positioned to withstand any further downturn. As at 31 December 2021 the Company has no long term debt and therefore no covenant tests that it must meet

As a result of the above and following careful consideration, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

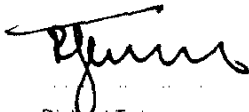
**Mortgage Next Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 December 2021**

**AUDITOR**

The Directors have relied upon the exemption from the obligation to appoint auditors permitted under section 479A of the Companies Act 2006 in submitting these unaudited Financial Statements. There is a parent guarantee in place from Connells Limited.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

Approved by the Board of Directors and signed on its behalf by:



Richard Twigg

Director

12 September 2022

Roddie House  
12 Old Christchurch Road  
Bournemouth  
BH1 1LG

## **Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statement**

The Directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company will not 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 Company 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The Directors confirm, to the best of their knowledge

- that the financial statements prepared in accordance with UK Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- that the annual report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

**Mortgage Next Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 December 2021**

**Statement of Comprehensive Income**

*For the year ended 31 December 2021*

	Note	2021 £'000	2020 £'000
Revenue	2	1,749	1,542
Administrative expenses		(688)	(650)
Other operating income		<u>(10)</u>	<u>7</u>
<b>Operating profit</b>		<b>1,051</b>	<b>899</b>
Finance income	4	7	-
Finance costs		<u>-</u>	<u>-</u>
<b>Profit before taxation</b>		<b>1,058</b>	<b>899</b>
Income tax expense	5	<u>(194)</u>	<u>(169)</u>
<b>Profit for the financial year being total comprehensive income</b>		<b><u>864</u></b>	<b><u>730</u></b>

The above results were derived from continuing operations

The notes on pages 8 to 14 form part of these financial statements.

**Mortgage Next Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 December 2021**

**Statement of Financial Position**

As at 31 December 2021

		31 December 2021 £'000	31 December 2020 £'000
<b>Non-current assets</b>	<b>Note</b>		
Deferred tax asset	5	17	17
Investments	6	300	300
		317	317
<b>Current assets</b>			
Trade and other receivables	7	5,164	4,655
Cash and cash equivalents	8	219	1,210
		5,383	5,865
<b>Total assets</b>		<b>5,700</b>	<b>6,182</b>
<b>Current liabilities</b>			
Trade and other payables	9	318	1,664
		318	1,664
<b>Total Liabilities</b>		<b>318</b>	<b>1,664</b>
<b>Capital and reserves</b>			
Called up share capital	10	50	50
Retained Earnings	10	5,332	4,468
<b>Total equity</b>		<b>5,382</b>	<b>4,518</b>
<b>Total equity and liabilities</b>		<b>5,700</b>	<b>6,182</b>

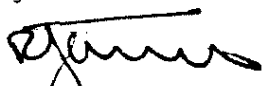
These accounts were approved by the Board of Directors on 12 September 2022 and signed on its behalf by:

The Directors:

(a) confirm that for the financial period in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 475 of the Companies Act 2006, and

(b) acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.



Richard Swigg  
Director

12 September 2022

Company registration number 03175440

The notes on pages 8 to 14 form part of these financial statements.

**Mortgage Next Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 December 2021**

## Statement of Changes in Equity

For the year ended 31 December 2021

During the year interim dividends of £Nil (2020: £Nil) were paid. The dividend per share totalled £Nil (2020: £Nil).

	Share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 January 2021	50	4,468	4,518
Profit for the financial year being total comprehensive income	–	864	864
Dividends	–	–	–
<b>Balance at 31 December 2021</b>	<b>50</b>	<b>5,332</b>	<b>5,382</b>
Balance at 1 January 2020	50	3,738	3,788
Profit for the financial year being total comprehensive income	–	730	730
Dividends	–	–	–
<b>Balance at 31 December 2020</b>	<b>50</b>	<b>4,468</b>	<b>4,518</b>

The notes on pages 8 to 14 form part of these accounts



## Notes to the financial statements

### 1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1 (p).

#### Disclosure exemptions adopted

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements.
- b) The requirements of IAS 7 Statement of Cash Flows.
- c) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.
- d) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is a wholly owned member of the group.
- e) The requirements of IFRS 7 Financial Instruments, Disclosures.
- f) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15.
- g) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16.
- h) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36.
- i) The requirements in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - i paragraph 73(e) in respect of IAS 16 Property, Plant and Equipment
  - ii paragraph 118(e) in respect of IAS 38 Intangible Assets

#### Adoption of new and revised UK Financial Reporting Standards

The Company adopted during the year the following amendment to existing accounting standards, which did not have a material impact on these financial statements:

- *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*

#### Standards issued but not yet effective

A number of new and amended accounting standards and interpretations will be effective for future reporting periods, none of which has been early adopted by the Company in preparing these financial statements. These new and amended standards and interpretations, details of which are set out below, are not expected to have a material impact on the Company's financial statements:

- *IFRS 17 Insurance Contracts;*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1);*
- *Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37);*
- *Fees in the '10 per cent' test for derecognition of financial liabilities (Amendments to IFRS 9);*
- *Definition of Accounting Estimates (Amendments to IAS 8);*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);* and
- *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12).*

These amendments have had no material impact on these Financial Statements.

#### Measurement convention

These financial statements are prepared on the historical cost basis.

#### Currency presentation

These financial statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest one thousand pounds. The functional currency is pounds sterling.

## Notes to financial statements (continued)

### 1. Accounting policies (continued)

#### Going concern

The Directors have undertaken a thorough assessment of the Company's financial forecasts to 31 December 2023, including the continuing impact of Covid-19 on its operations within the UK.

The Company is funded by its operating profits and the cash thereby generated. For the year ended 31 December 2021 the Company reported a net profit before tax of £1,058,000 (2020: £899,000) and at 31 December 2021 cash balances have fallen against the prior year due to payments for Group undertakings; cash balances are £219,000 (2020: £1,210,000). At the date of signing these accounts, the Company continues to hold a similar working cash balance and has no external debt.

In forming their view on going concern, the Directors continue to perform extensive forecasting to model potential market shocks, including the ongoing impact of the Covid-19 pandemic and its potential impact on business volumes. In particular the Directors have considered and modelled a number of severe but plausible scenarios, including the impact of a material downturn in the UK housing market caused by the Covid-19 pandemic or other political and economic circumstances. The key assumptions used in this severe stress scenario are as follows:

- A two month lockdown forces the UK housing market to close, reducing transactions to the level seen in April and May 2020 before slowly recovering
- Taking mitigating actions to reduce headcount, capital expenditure and marketing spend

The Company's financial strength means that it is well positioned to withstand any further downturn. As at 31 December 2021 the Company has no long term debt and therefore no covenant tests that it must meet.

As a result of the above and following careful consideration, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### b) Revenue recognition

A five-step approach is taken for recognising revenue from contracts with customers, namely to: identify the contract(s) with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) a performance obligation has been satisfied.

The Company generates revenue from external customers in the UK from mortgage and insurance business. All relevant factors and circumstances are taken into account when determining the revenue recognition methods that appropriately depict the transfer of control of goods or services to customers for each performance obligation.

The Company acts as agent and receives fees for the introduction of a financial services customer to a lender or insurance provider. Fees are recognised net of value added taxes at a point in time when we have received payment from our lender and insurance partners and we have fully provided the service to the customer.

Management is required to make certain judgements, including the determination of the performance obligations in the contract, whether the Company is acting as principal or agent, the estimation of any variable consideration in determining the contract price, the allocation of the price to the performance obligations inherent in the contract, and an appropriate method of recognising revenue, including judging whether the performance obligations have been satisfied over a period of time or at a point in time.

#### c) Financial assets

##### Classification

The Company classifies its financial assets as financial assets at amortised cost and financial assets at fair value through profit or loss. The classification depends on the purpose and business model for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that arise principally through the provision of services to customers. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method. They are included in current assets, but any maturities greater than twelve months after the end of the reporting period are disclosed. Financial assets at amortised cost comprise mainly cash and cash equivalents and trade and other receivables.

##### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets at amortised cost are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

## Notes to financial statements (continued)

### 1. Accounting policies (continued)

#### c) Financial assets (continued)

##### *Impairment of financial assets*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses. In determining the expected credit losses for these assets, the Company has taken into account the historical default experience and the financial position of the counterparties, in estimating the likelihood of default of each of these financial assets occurring within their loss assessment time horizon.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

#### d) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### e) Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the Company intends to settle the balances on a net basis.

#### f) Cash and cash equivalents

Cash comprises cash in hand and loans and balances with banks and similar institutions. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

The Company recognises an allowance for expected credit losses (ECLs). The Company takes a simplified approach and recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. This is applied to third party and intercompany receivables and cash balances.

#### g) Net financing costs

Interest income and interest payable is recognised in the income statement as they accrue, using the effective interest method.

#### h) Share capital

Ordinary shares are classified as equity.

#### i) Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are addressed below.

##### **Key sources of estimation uncertainty**

##### *Income taxes*

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

**Mortgage Next Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 December 2021**

**Notes to financial statements (continued)**

**i) Critical accounting judgements and key sources of estimation uncertainty (continued)**

The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**2. Revenue**

*All of the Company's revenues are generated in the United Kingdom from the arrangement of mortgages and insurance*

<b>Disaggregation of revenue from contracts with customers</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<i>Major service lines</i>		
Mortgage brokerage	1,630	1,420
Insurance brokerage	119	122
	<u>1,749</u>	<u>1,542</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	<u>1,749</u>	<u>1,542</u>

**3. Staff numbers and costs**

The average monthly number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Directors	4	2
	<u>4</u>	<u>2</u>

None of the directors are directly remunerated by the company. The notional allocation of the cost to the Company for their services was £67,800 (2020: £nil).

There are not considered to be further key management personnel other than the Directors of the Company noted above.

**4. Finance income**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Interest on deposits with group undertakings	<u>7</u>	<u>-</u>

**5. Taxation**

**a) Tax expense included in Statement of Comprehensive Income:**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax on profit for the year	198	171
Adjustments in respect of prior years	(3)	-
<b>Total current tax</b>	<u>195</u>	<u>171</u>
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	3	(2)
Adjustment due to remeasurement for the change in tax rate	(4)	-
Adjustments in respect of prior years	-	-
<b>Total deferred tax</b>	<u>(1)</u>	<u>(2)</u>
<b>Total income tax</b>	<u>194</u>	<u>169</u>

**b) Factors affecting current tax expense in the year**

The effective tax rate for the Company for the year ended 31 December 2021 is 18.4% (2020: 18.8%) compared with the standard rate of UK corporation tax of 19% (2020: 19%). The differences are explained below:

**Notes to financial statements (continued)**

**5. Taxation (continued)**

	2021 £'000	2020 £'000
<b>Profit before taxation</b>	<b>1,058</b>	<b>899</b>
Profit before taxation multiplied by the rate of corporation tax in the UK of 19% (2020 19%)	201	171
Effects of:		
Other expenses not deductible	-	-
Impact of accelerated unwind of deferred tax assets	(4)	(2)
Permanent difference relating to depreciation not deductible	-	-
Tax relief on share-based payments charged to equity	-	-
Adjustments in respect of prior years	(3)	-
<b>Total tax charge</b>	<b>194</b>	<b>169</b>

**Deferred tax**

The provision for deferred tax consists of the following deferred tax assets:

	2021 £'000	2020 £'000
Deferred tax asset at 1 January	16	15
Credited to Statement of Comprehensive Income	1	1
<b>Deferred tax asset at 31 December</b>	<b>17</b>	<b>16</b>
Deferred tax asset expected to unwind within one year	2	1
Deferred tax asset expected to unwind after one year	15	15
	<b>17</b>	<b>16</b>

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets to the extent that it is probable that these assets will be recovered through future taxable profits.

Legislation to increase the standard rate of corporation tax in the UK to 25% from 1 April 2023 was enacted during the year.

Any deferred tax assets and liabilities that are expected to reverse after 1 April 2023 have been remeasured at this new rate.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	2021 Asset £'000	Credited/ (charged) to Statement of Comprehensive Income £'000
<b>Origination and reversal of temporary differences</b>		
Capital allowances	17	1
	<b>17</b>	<b>1</b>
	2020	
	Asset £'000	Credited/ (charged) to Statement of Comprehensive Income £'000
<b>Origination and reversal of temporary differences</b>		
Capital allowances	17	2
	<b>17</b>	<b>2</b>

**Mortgage Next Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 December 2021**

**Notes to financial statements** (continued)

**6. Investments**

Cost	£'000
At 1 January and 31 December 2021	300

**Related undertakings of the company as at 1 January and 31 December 2021**

Subsidiary	Registered address (refer to note)	Country of Incorporation	% owned	Direct/ indirect
Mortgage Next Network Limited	1	UK	100%	Direct

1. Roddis House, 4<sup>th</sup> Floor, 4-12 Old Christchurch Road, Bournemouth, Dorset, BH1 1LG, United Kingdom

**7. Trade and other receivables**

	2021 £'000	2020 £'000
Trade receivables	685	648
Amounts owed by group undertakings	4,479	4,007
	<b>5,164</b>	<b>4,655</b>

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date. Trade receivables are reviewed for impairment by taking into account the historical default experience and the financial position of the counterparties to estimate the likelihood of default. Trade receivables are written off when there is no reasonable expectation of recovery. Trade receivables are stated net of provisions for expected credit losses of £2,000 (2020: £3,000).

Amounts owed by group undertakings include a loan to Mortgage Next Network Limited of £1,500,000 (2020: £1,500,000). All amounts are unsecured, have interest applied and have no fixed date of repayment and are repayable on demand.

**8. Cash and cash equivalents**

	2021 £'000	2020 £'000
Cash at bank and in hand	219	1,210

**9. Trade and other payables**

	2021 £'000	2020 £'000
Trade payables	3	-
Amounts owed to group undertakings	219	1,382
Accruals and other payables	96	111
Current tax liabilities	-	171
	<b>318</b>	<b>1,664</b>
Trade and other payables due within one year	318	1,664
Trade and other payables due after more than one year	-	-
	<b>318</b>	<b>1,664</b>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## Notes to financial statements (continued)

### 10. Called up share capital

Allotted, called up, authorised and fully paid shares

	2021 £'000	2020 £'000
50,000 (2020: 50,000) ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>

### Management of capital

Capital is considered to be the audited retained earnings and ordinary share capital in issue

	31 December 2021 £000	31 December 2020 £000
<b>Capital</b>		
Ordinary shares	50	50
Retained earnings	5,332	4,468
	<u>5,382</u>	<u>4,518</u>

The Company's objectives when managing capital are

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies

The capital position is reported to the Board regularly. The capital position is also given due consideration when corporate plans are prepared

### 11. Parent and ultimate parent undertaking

The immediate parent undertaking is Mortgage Intelligence Holdings Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of that company are available to the public and can be obtained from

Connells Limited  
Cumbria House  
16-20 Hockliffe Street  
Leighton Buzzard  
Bedfordshire  
LU7 1GN