Registration number: 04705100

Mortgage Next Network Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Mortgage Next Network Limited
(Registration number: 04705100)

Contents

Mortgage Next Network Limited
(Registration number: 04705100)

Company Information

Directors	S Laker P Curran
Company secretary	Oakwood Corporate Secretary Ltd G Williams
Registered office	Roddis House 12 Old Christchurch Road Bournemouth BH1 1LG
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Mortgage Next Network Limited
(Registration number: 04705100)

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019. The Directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

Principal activities and future developments
The principal activity of Mortgage Next Network Limited (the 'company') is the arrangement of mortgage and insurance business. There has been no change in the company's activities in the year under review and no future change in activity is anticipated.

The company has a network of appointed representative mortgage brokerage firms, and is regulated by the Financial Conduct Authority.

The continued subdued external environment as a result of COVID-19 and the deterioration in trading, which became apparent after conclusion of the 2020 business planning process that underpinned the 2019 impairment review, may result in further impairment charges to be taken in 2020.

Dividends
The directors do not recommend the payment of a final dividend (2018: £Nil).

Operating results
Revenue of £1.3m (2018: £1.4m) and operating profit of £0.4m (2018: £0.3m). The company had net assets of £1.6m at 31 December 2019 (2018: net assets of £1.3m) and is reliant on support from the Countrywide plc group (see Going Concern statement in Director's Report).

Financial risk management
The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out on a group basis by the finance department of Countrywide plc, the ultimate parent undertaking. The board provides principles for overall risk management, as well as specific areas such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Market risk
(i) Foreign exchange risk
The company operates within the United Kingdom and all of the company's transactions are in sterling.

(ii) Cash flow and fair value interest rate risk
As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Financial risk management (continued)

(b) Credit risk

Credit risk arises principally from the company's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument. The company has implemented policies which require a credit risk assessment, and credit checks are made on potential clients as required in accordance with these assessments. The wide client base of the company also serves to mitigate the credit risk, reducing the exposure from a failure of any single client.

(c) Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

Cash balances are managed through the Countrywide plc group (the "Group") treasury arrangement and cash outflows can be predicted with reasonable accuracy. Credit risk within the group treasury function is also mitigated by maintaining a list of accepted deposit institutions whose credit ratings are kept under review.

(d) COVID-19

Whilst it is not possible to predict the outcome of the COVID-19 pandemic, the directors have considered specific threats to the business and methods to mitigate those risks, as outlined in the Group's 2019 Annual Report principal risks disclosures. During the first half, the Group took a series of actions to mitigate the effects of COVID-19, which delivered savings in the Group's direct and indirect costs that under-pinned the first half performance. The Group Audit and Risk Committee continues to reassess their risk appetite and evaluate the development of principal risks and effectiveness of the business response plans and mitigations.

Directors of the company

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

S Laker

P Curran

N Ceeney (resigned 24 October 2019)

Going concern

The company is a subsidiary of Countrywide plc and operates as part of the wider Countrywide plc group (the "Group"). It is therefore dependent on financial and operational support from the Group.

These financial statements have been prepared on a going concern basis, which assumes that the Group and the company will be able to meet their liabilities as they fall due.

The Group currently meets its working capital and funding requirements through a Revolving Credit Facility ("RCF") of £125 million which matures in September 2022 and a £20 million super-senior debt facility which matures in October 2021. Both facilities are subject to a minimum liquidity headroom covenant which is currently in force, and leverage and interest coverage covenants which will be tested from September 2021. The Group undertakes treasury management activities centrally on behalf of the company and Countrywide plc has formally confirmed that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Going concern (continued)

In assessing the Group's ability to continue as a going concern, the board of Countrywide plc reviewed its trading and cash flow forecasts against the available financing facilities and covenants and identified that, without action being taken to address the Group's capital structure, it is forecast that the leverage and interest coverage covenants would be breached in September 2021.

In response to the need to address the Group's capital structure, on 22 October 2020 the board of Countrywide plc announced a proposed recapitalisation of the business (the "Proposed Transaction") including a £90 million capital raise, to be fully underwritten by Alchemy, a private equity investor and current shareholder in Countrywide (the "Capital Raise") and a new £75 million term loan facility (the "Term Loan") with existing lenders, repayable at a point of four years from the first utilisation date. The Term Loan and a portion of the proceeds from the Capital Raise would be used to repay the Group's existing RCF, resulting in a net decrease in debt of £50 million. The Proposed Transaction was conditional on, among other things, shareholder and regulatory approvals.

Subsequent to 22 October 2020, the board of Countrywide plc continued its discussions with major shareholders in order to secure sufficient support for the Proposed Transaction.

On 9 November 2020, the board of Countrywide plc announced that it had received an indicative approach from Connells Limited to acquire the entire issued and to be issued share capital of Countrywide plc, in cash, at a price of 250 pence per Countrywide share (the "Connells Offer") which was conditional upon, amongst other things, the recommendation of the board of Countrywide plc and the support of shareholders. The board of Countrywide plc also announced that in light of recent discussions with shareholders, it had taken the decision to postpone the general meeting to approve the shareholder resolutions pursuant to the Proposed Transaction announced on 22 October 2020.

On 24 November 2020, the board of Countrywide plc announced that discussions with the company's shareholders had indicated insufficient support for the proposed Capital Raise in its current form, but also a recognition of the need for new capital and a readiness among shareholders to invest in Countrywide plc.

On 2 December 2020, the board of Countrywide plc announced that it had received a revised offer from Alchemy (the "Revised Alchemy Proposal") the terms of which include a £70 million capital raise, fully underwritten by Alchemy, and a net paydown of debt of £30 million, on terms that have not yet been agreed with the Group's lenders. Alchemy confirmed on 4 December 2020 that it had received non-binding letters of support in favour of the Revised Alchemy Proposal from shareholders covering approximately 45% of the issued share capital of Countrywide plc.

On 7 December 2020, the board of Countrywide plc announced that it had received a revised firm offer from Connells to acquire the entire issued and to be issued share capital of Countrywide plc, in cash, at a price of 325 pence per Countrywide share (the "Revised Connells Firm Offer"). Concurrently, in addition to announcing the Revised Connells Firm Offer themselves, Connells stated their intention to immediately repay all of Countrywide's existing lenders in full following completion of the offer.

On 7 December 2020, the board of Countrywide plc announced that it will continue to evaluate the merits of the Revised Connells Firm Offer in consultation with Countrywide plc's major shareholders, together with all other available options for the Group, including (but not limited to) the Revised Alchemy Proposal and a potential capital raise from existing shareholders of Countrywide plc.

Going concern (continued)

On the assumption that the discussions with shareholders on the various options result in a recapitalisation of the Group (the "Recapitalisation"), the board of Countrywide plc reviewed its trading and cash flow forecasts against the post-transaction capital structure expected under the two most likely Recapitalisation scenarios as follows:

• the Revised Alchemy Proposal: £70 million capital raise, net £30 million paydown of debt and negotiation of a new debt facility on terms that have not yet been agreed with lenders; and
• the Revised Connells Firm Offer: Full repayment of existing debt.

The assessment of the board of Countrywide plc includes consideration of a base case and a severe but plausible downside case which includes the impact of mitigating actions that are within the control of the directors of Countrywide plc.

The base case scenario reflects the latest forecasts and three year plan that was approved by the board of Countrywide plc in October 2020 and reflects its current view on the likely impact of COVID-19 and Brexit. The actual trading performance of the Group in October and November 2020 has exceeded these forecasts. The key assumptions used in the base case include estimates of the volume of UK housing market transactions and the Group's market share; house prices; and costs associated with the Group's ongoing IT transformation programme and the customer excellence programme; as well as the impact of the closure of a number of loss making branches.

The severe but plausible downside scenario assumes a series of stricter COVID-19 disease containment measures will be re-introduced over the winter months, resulting in lower housing market transactions and house prices and other consequential impacts. The severe but plausible downside scenario also reflects the impact of various mitigating actions that would be available to the board of Countrywide plc.

In both the base case and the severe but plausible downside scenario, on the basis that either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer completes successfully, the assessment of the board of Countrywide plc is that the Group will be able to continue in operation for at least 12 months from the approval date of these financial statements.

Material uncertainty

The successful completion of the Revised Alchemy Proposal is subject to the negotiation of a new debt facility on terms that have not yet been agreed with lenders, recommendation by the Countrywide plc board, shareholder and regulatory approvals, and subsequent receipt of the £70 million cash proceeds.

The successful completion of the Revised Connells Firm Offer is subject to recommendation by the Countrywide plc board and shareholder and regulatory approvals.

Going concern (continued)

Material uncertainty (continued)

Failure to successfully complete either the Revised Alchemy Proposal or the Revised Connells Firm Offer would result in the Group having to explore other options to address the forecast breach of covenants in the existing RCF in September 2021, including a potential capital raise from existing shareholders of Countrywide plc.

Without the additional liquidity that would be provided by completion of either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer, it is forecast that the Group would breach its existing leverage and interest coverage covenants in September 2021.

The expectation of the directors of Countrywide plc is that either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer will successfully complete such that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the directors of the company have confirmed that, after due consideration, including taking into account the above factors relating to the Group's ability to continue as a going concern, and in light of the commitment by Countrywide plc that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements, the company has adequate resources to continue in operational existence for the foreseeable future and that they can adopt the going concern basis in preparing the financial statements.

However, the successful completion of either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, and the Revised Connells Firm Offer are outside of the control of the company and the directors of Countrywide plc, and due to this, and the reliance of the company on the Group to be able to continue in operation, the directors of the company have drawn attention to this matter as a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

Post balance sheet events

Material post balance sheet events are disclosed in note 14.

Directors' liabilities

The company has made qualifying third party indemnity provisions (as defined in the Companies Act 2006) for the benefit of its directors during the year. These provisions were in force during the financial year and remain in force at the date of this report.

Mortgage Next Network Limited
(Registration number: 04705100)

Directors' Report for the Year Ended 31 December 2019 (continued)

Statement of directors' responsibilities in respect of the financial statements
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;
• state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
• make judgements and accounting estimates that are reasonable and prudent; and
• 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 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.

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.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:
• so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
• they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint will be proposed at the Annual General Meeting.

Approved by the Board on 18 December 2020 and signed on its behalf by:

PetaCurran

....
P Curran
Director

Mortgage Next Network Limited
(Registration number: 04705100)

Independent auditors' report to the members of Mortgage Next Network Limited

Report on the audit of the financial statements

Opinion
In our opinion, Mortgage Next Network Limited's financial statements:

• give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company is a subsidiary of Countrywide plc and operates as part of the wider Countrywide plc group (the "Group"). It is therefore dependent on financial and operational support from the Group. The Group's forecasts and projections assume that either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer completes successfully. Without the successful completion of either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer, both of which are outside of the control of the company and the directors of Countrywide plc, it is forecast that the Group would breach its existing leverage and interest coverage covenants in September 2021. As a result, as described in note 2, this indicates the existence of a material uncertainty that may cast significant doubt upon the Group's, and consequently the company's, ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Independent auditors' report to the members of Mortgage Next Network Limited (continued)

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements
As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditors' report to the members of Mortgage Next Network Limited (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

C. Burns

....

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 December 2020

Mortgage Next Network Limited
(Registration number: 04705100)

Income Statement for the Year Ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	4	1,334	1,396
Other income		90	214
		1,424	1,610
Administrative expenses		(1,049)	(1,284)
Operating profit	6	375	326
Finance income		-	1
Profit before taxation		375	327
Tax on profit	7	(71)	(63)
Profit for the financial year		304	264

The above results were derived from continuing operations.

The notes on pages 14 to 30 form an integral part of these financial statements.

A statement of comprehensive income has not been prepared as there was no other comprehensive income for the year other than that included in the results above.

Mortgage Next Network Limited
(Registration number: 04705100)

Balance Sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Current assets			
Trade and other receivables	8	3,394	3,264
Deferred tax asset	7	5	4
Cash and cash equivalents		290	-
		3,689	3,268
Creditors: Amounts falling due within one year			
Borrowings	9	-	(7)
Trade and other payables	10	(1,982)	(1,845)
		(1,982)	(1,852)
Total assets less current liabilities		1,707	1,416
Provisions for liabilities	11	(63)	(76)
Net assets		1,644	1,340
Capital and reserves			
Called up share capital	12	310	310
Profit and loss account		1,334	1,030
Total shareholders' funds		1,644	1,340

The notes on pages 14 to 30 form an integral part of these financial statements.

The financial statements on pages 11 to 30 were approved by the Board on 18 December 2020 and signed on its behalf by:

P Curran

Director

Mortgage Next Network Limited
(Registration number: 04705100)

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000
Balance at 1 January 2018	310	766	1,076
Profit for the financial year	-	264	264
Total comprehensive income	-	264	264
Balance at 31 December 2018	310	1,030	1,340
Profit for the financial year	-	304	304
Total comprehensive income	-	304	304
Balance at 31 December 2019	310	1,334	1,644

The notes on pages 14 to 30 form an integral part of these financial statements.

1 General information

Mortgage Next Network Limited ('the company') arranges mortgages and insurance business. The company has a network of appointed representative mortgage brokerage firms.

The company 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, 12 Old Christchurch Road, Bournemouth, BH1 1LG.

2 Summary of significant 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.

Basis of preparation

The financial statements of the company have been prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost conventions modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss (as applicable), and in accordance with the Companies Act 2020 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 3.

Countrywide plc, the company's ultimate holding company in the United Kingdom, produces a consolidated cash flow statement and this company is included in the consolidated financial statements. Consequently the company has taken advantage of the exemption not to produce its own cash flow statement.

The company is a wholly owned subsidiary of Countrywide plc and is included in the consolidated financial statements of Countrywide plc which are publicly available.

2 Summary of significant accounting policies (continued)

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

• Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
(i) paragraph 79(a)(iv) of IAS 1
• The following paragraphs of IAS 1, 'Presentation of financial statements':
(i) 10(d), (statement of cash flows)
(ii) 16 (statement of compliance with all IFRS)
(iii) 38A (requirement for minimum of two primary statements, including cash flow statements)
(iv) 38B-D (additional comparative information)
(v) 111 (cash flow statement information)
• IAS 7, 'Statement of cash flows';
• The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

• Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
• Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
• The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The company is a subsidiary of Countrywide plc and operates as part of the wider Countrywide plc group (the "Group"). It is therefore dependent on financial and operational support from the Group.

These financial statements have been prepared on a going concern basis, which assumes that the Group and the company will be able to meet their liabilities as they fall due.

The Group currently meets its working capital and funding requirements through a Revolving Credit Facility ("RCF") of £125 million which matures in September 2022 and a £20 million super-senior debt facility which matures in October 2021. Both facilities are subject to a minimum liquidity headroom covenant which is currently in force, and leverage and interest coverage covenants which will be tested from September 2021. The Group undertakes treasury management activities centrally on behalf of the company and Countrywide plc has formally confirmed that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements.

2 Summary of significant accounting policies (continued)

Going concern (continued)
In assessing the Group's ability to continue as a going concern, the board of Countrywide plc reviewed its trading and cash flow forecasts against the available financing facilities and covenants and identified that, without action being taken to address the Group's capital structure, it is forecast that the leverage and interest coverage covenants would be breached in September 2021.

In response to the need to address the Group's capital structure, on 22 October 2020 the board of Countrywide plc announced a proposed recapitalisation of the business (the "Proposed Transaction") including a £90 million capital raise, to be fully underwritten by Alchemy, a private equity investor and current shareholder in Countrywide (the "Capital Raise") and a new £75 million term loan facility (the "Term Loan") with existing lenders, repayable at a point of four years from the first utilisation date. The Term Loan and a portion of the proceeds from the Capital Raise would be used to repay the Group's existing RCF, resulting in a net decrease in debt of £50 million. The Proposed Transaction was conditional on, among other things, shareholder and regulatory approvals.

Subsequent to 22 October 2020, the board of Countrywide plc continued its discussions with major shareholders in order to secure sufficient support for the Proposed Transaction.

On 9 November 2020, the board of Countrywide plc announced that it had received an indicative approach from Connells Limited to acquire the entire issued and to be issued share capital of Countrywide plc, in cash, at a price of 250 pence per Countrywide share (the "Connells Offer") which was conditional upon, amongst other things, the recommendation of the board of Countrywide plc and the support of shareholders. The board of Countrywide plc also announced that in light of recent discussions with shareholders, it had taken the decision to postpone the general meeting to approve the shareholder resolutions pursuant to the Proposed Transaction announced on 22 October 2020.

On 24 November 2020, the board of Countrywide plc announced that discussions with the company's shareholders had indicated insufficient support for the proposed Capital Raise in its current form, but also a recognition of the need for new capital and a readiness among shareholders to invest in Countrywide plc.

On 2 December 2020, the board of Countrywide plc announced that it had received a revised offer from Alchemy (the "Revised Alchemy Proposal") the terms of which include a £70 million capital raise, fully underwritten by Alchemy, and a net paydown of debt of £30 million, on terms that have not yet been agreed with the Group's lenders. Alchemy confirmed on 4 December 2020 that it had received non-binding letters of support in favour of the Revised Alchemy Proposal from shareholders covering approximately 45% of the issued share capital of Countrywide plc.

On 7 December 2020, the board of Countrywide plc announced that it had received a revised firm offer from Connells to acquire the entire issued and to be issued share capital of Countrywide plc, in cash, at a price of 325 pence per Countrywide share (the "Revised Connells Firm Offer"). Concurrently, in addition to announcing the Revised Connells Firm Offer themselves, Connells stated their intention to immediately repay all of Countrywide's existing lenders in full following completion of the offer.

2 Summary of significant accounting policies (continued)

Going concern (continued)

On 7 December 2020, the board of Countrywide plc announced that it will continue to evaluate the merits of the Revised Connells Firm Offer in consultation with Countrywide plc's major shareholders, together with all other available options for the Group, including (but not limited to) the Revised Alchemy Proposal and a potential capital raise from existing shareholders of Countrywide plc.

On the assumption that the discussions with shareholders on the various options result in a recapitalisation of the Group (the "Recapitalisation"), the board of Countrywide plc reviewed its trading and cash flow forecasts against the post-transaction capital structure expected under the two most likely Recapitalisation scenarios as follows:

• the Revised Alchemy Proposal: £70 million capital raise, net £30 million paydown of debt and negotiation of a new debt facility on terms that have not yet been agreed with lenders; and
• the Revised Connells Firm Offer: Full repayment of existing debt.

The assessment of the board of Countrywide plc includes consideration of a base case and a severe but plausible downside case which includes the impact of mitigating actions that are within the control of the directors of Countrywide plc.

The base case scenario reflects the latest forecasts and three year plan that was approved by the board of Countrywide plc in October 2020 and reflects its current view on the likely impact of COVID-19 and Brexit. The actual trading performance of the Group in October and November 2020 has exceeded these forecasts. The key assumptions used in the base case include estimates of the volume of UK housing market transactions and the Group's market share; house prices; and costs associated with the Group's ongoing IT transformation programme and the customer excellence programme; as well as the impact of the closure of a number of loss making branches.

The severe but plausible downside scenario assumes a series of stricter COVID-19 disease containment measures will be re-introduced over the winter months, resulting in lower housing market transactions and house prices and other consequential impacts. The severe but plausible downside scenario also reflects the impact of various mitigating actions that would be available to the board of Countrywide plc.

In both the base case and the severe but plausible downside scenario, on the basis that either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer completes successfully, the assessment of the board of Countrywide plc is that the Group will be able to continue in operation for at least 12 months from the approval date of these financial statements.

Material uncertainty

The successful completion of the Revised Alchemy Proposal is subject to the negotiation of a new debt facility on terms that have not yet been agreed with lenders, recommendation by the Countrywide plc board, shareholder and regulatory approvals, and subsequent receipt of the £70 million cash proceeds.

2 Summary of significant accounting policies (continued)

Going concern (continued)

Material uncertainty

The successful completion of the Revised Connells Firm Offer is subject to recommendation by the Countrywide plc board and shareholder and regulatory approvals.

Failure to successfully complete either the Revised Alchemy Proposal or the Revised Connells Firm Offer would result in the Group having to explore other options to address the forecast breach of covenants in the existing RCF in September 2021, including a potential capital raise from existing shareholders of Countrywide plc.

Without the additional liquidity that would be provided by completion of either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer, it is forecast that the Group would breach its existing leverage and interest coverage covenants in September 2021.

The expectation of the directors of Countrywide plc is that either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, or the Revised Connells Firm Offer will successfully complete such that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the directors of the company have confirmed that, after due consideration, including taking into account the above factors relating to the Group's ability to continue as a going concern, and in light of the commitment by Countrywide plc that it will provide finance as necessary to enable the company to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements, the company has adequate resources to continue in operational existence for the foreseeable future and that they can adopt the going concern basis in preparing the financial statements.

However, the successful completion of either the Revised Alchemy Proposal, including the negotiation of a new debt facility on terms that have not yet been agreed with lenders, and the Revised Connells Firm Offer are outside of the control of the company and the directors of Countrywide plc, and due to this, and the reliance of the company on the Group to be able to continue in operation, the directors of the company have drawn attention to this matter as a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

New standards, amendments and interpretations

No new standards, amendments or interpretations effective for the first time for the financial year beginning on or after 1 January 2019 have had a material impact on the company.

2 Summary of significant accounting policies (continued)

Financial assets and liabilities

Classification

The company classifies its financial assets as financial assets at amortised cost. 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, except for maturities greater than twelve months after the end of the reporting period. 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.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held on call with banks.

Share capital

Ordinary shares are classified as equity.

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.

2 Summary of significant accounting policies (continued)

Revenue

Services rendered

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 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.

Deferred income

Where the company receives an amount upfront in respect of future income streams, the value of the receipt is amortised over the period of the contract as the services are delivered and the unexpired element is disclosed in liabilities as deferred income.

Borrowings

Borrowings comprise bank overdrafts, which are subject to an enforceable right of offset in the ordinary course of business within the Countrywide plc group of companies.

Current and deferred income tax

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.

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet 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 balance sheet 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.

Provisions for liabilities
A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in provision due to passage of time is recognised in finance costs.

Dividends
Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

3 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 amounts of assets and liabilities within the next financial year are addressed below.

Judgements

Going concern

Despite the material uncertainty noted, the directors confirm that the plans disclosed in note 2 to the financial statements have been taken into account such that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that they can adopt the going concern basis in preparing the financial statements.

Impairment of financial assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting year.

Estimate

Clawback provision

The company receives commission from third party life assurance policy providers for the referral of customers who purchase a policy. If the life assurance policy lapses following issue, a proportion of the income is clawed back. The company estimates the cost of repaying indemnity commission income received on life assurance policies that may lapse following issue. Details of the movement in the provision are provided in note 11.

4 Revenue

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Revenue (continued)

Disaggregation of revenue from contracts with customers	**2019**	**2018**
	£'000	**£'000**
Major service lines		
Mortgage brokerage	930	892
Insurance brokerage	309	329
Marketing	95	174
Other	-	1
	1,334	1,396
Timing of revenue recognition		
Services transferred at a point in time	1,334	1,396

5 Employees and directors

All staff are employed by Mortgage Intelligence Limited, a fellow Group undertaking, and therefore all staff costs incurred during the year were borne by this company. All employees carry out their duties across four entities (Mortgage Intelligence Limited, Mortgage Next Limited, Mortgage Next Network Limited and Life and Easy Limited) and as such it is not practical to split the employees by entity. Staff costs relating to the company are recharged by way of a management fee which is included within Administrative expenses. The details have been disclosed in the Mortgage Intelligence Limited financial statements.

The directors were paid by a fellow Group undertaking and as such do not consider it practical to allocate their remuneration between various Group entities.

6 Operating profit

Arrived at after charging:

	2019	**2018**
	£'000	**£'000**
Auditors' remuneration for audit work	12	7
Management fee	807	828

There are no non-audit fees payable to the company's auditors.

Staff costs of £807,000 (2018: £828,000) have been recharged from Mortgage Intelligence Limited by way of a management fee.

Mortgage Next Network Limited
(Registration number: 04705100)

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Tax on profit

Tax expense included in income statement:

	2019	2018
	£'000	£'000
UK corporation tax on profits for the year	71	61
Adjustments in respect of prior years	1	-
Total current tax charge	72	61
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	-	2
Adjustments in respect of prior years	(1)	-
Total deferred tax (credit)/charge	(1)	2
Income tax charge	71	63

The tax charge for the year is the same as (2018: differs from) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018
	£'000	£'000
Profit before taxation	375	327
Profit before taxation multiplied by the rate of corporation tax in the UK of 19% (2018: 19%)	71	62
Effects of:		
Other expenses not deductible	-	1
Total taxation charge	71	63

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax expense for the period by £1,000 and to increase the net deferred tax asset by £1,000

7 Tax on profit (continued)

Deferred tax

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

	2019 £'000	2018 £'000
Deferred tax asset at 1 January	4	6
Credited / (charged) to income statement	1	(2)
Deferred tax asset at 31 December	5	4
Deferred tax asset expected to unwind within one year	1	1
Deferred tax asset expected to unwind after one year	4	3
	5	4

Deferred tax assets have been recognised in respect of all tax losses and other 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.

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.

2019	Asset £'000	Credited to income £'000
Origination and reversal of temporary differences		
Capital allowances	5	1

2018	Asset £'000	Charged to income £'000
Origination and reversal of temporary differences		
Capital allowances	4	(2)

There are no unused tax losses (2018: £Nil).

8 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	240	267
Amounts owed by group undertakings	3,108	2,928
Other receivables	11	13
Prepayments and accrued income	35	56
	3,394	3,264

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 after provisions for impairment of £3,000 (2018: £5,000).

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

9 Borrowings

	2019 £'000	2018 £'000
Current		
Bank overdraft	-	7

Borrowings comprise bank overdrafts, which are unsecured and subject to an enforceable right of offset in the ordinary course of business within the Countrywide plc group of companies.

10 Trade and other payables

	2019 £'000	2018 £'000
Trade payables	175	149
Amounts owed to group undertakings	1,684	1,524
Current tax liabilities	72	60
Accruals and other payables	51	112
	1,982	1,845
Trade and other payables due within one year	1,982	1,845
Trade and other payables due after more than one year	-	-
	1,982	1,845

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

Significant reduction in accruals and deferred income due to release of deferred income during 2019.

11 Provisions for liabilities

	Clawback provision £'000	Claims and litigation £'000	Broker incentive £'000	Total £'000
At 1 January 2019	15	16	45	76
Charged / (credited) to income statement	11	(12)	48	47
Utilised in the year	(15)	-	(45)	(60)
At 31 December 2019	11	4	48	63
Due within one year or less	8	4	48	60
Due after one year	3	-	-	3
	11	4	48	63

11 Provisions for liabilities (continued)

Clawback represents the provision required to meet the estimated cost of repaying indemnity commission income received on life assurance policies that may lapse.

Claims and litigation provisions comprise amounts that might be payable as a result of legal disputes. The provisions represent the directors' best estimate of the company's liability.

The Broker incentive provision is in place where appointed brokers are offered a deferred incentive in the way of a lump sum future payment each year. The size of the lump sum is based on the level of business they have generated. The future payment is for an agreed number of years and will only be received by the broker if they are still generating business at the time of maturity.

12 Called up share capital

Allotted, called up and fully paid shares

	2019	2018
	£'000	£'000
310,000 (2018: 310,000) ordinary shares of £1 each	310	310

13 Parent and ultimate parent undertaking

The immediate parent undertaking is Mortgage Next Limited. The ultimate parent undertaking and ultimate controlling party is Countrywide plc, a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. Countrywide plc is the parent undertaking of the only group of undertakings to consolidate these financial statements. The consolidated financial statements of Countrywide plc can be obtained from Greenwood House, 1st Floor, 91-99 New London Road, Chelmsford, Essex, CM2 0PP.

14 Events after the reporting year

The company is a subsidiary of Countrywide plc and operates as part of the wider Countrywide plc group (the "Group").

Revolving credit facility amendments
The Group currently meets its working capital and funding requirements through a Revolving Credit Facility ("RCF") of £125 million which matures in September 2022 and a £20 million super-senior debt facility provided in April 2020, which matures in October 2021. Both facilities are subject to a minimum liquidity headroom covenant which is currently in force, and leverage and interest coverage covenants which will be tested from September 2021.

The Lenders agreed to provide the additional £20 million super-senior debt facility for an 18 month period, with £10 million available from 1 May 2020 and £10 million available from April 2021. The additional facility can only be accessed if liquidity headroom falls below pre-determined levels and therefore the availability of funds remains conditional.

Capital refinancing plan and indicative takeover approach
In response to the need to address the Group's capital structure, on 22 October 2020 the board of Countrywide plc announced a proposed recapitalisation of the business (the "Proposed Transaction") including a £90 million capital raise, to be fully underwritten by Alchemy, a private equity investor and current shareholder in Countrywide (the "Capital Raise") and a new £75 million term loan facility (the "Term Loan") with existing lenders, repayable at a point of four years from the first utilisation date. The Term Loan and a portion of the proceeds from the Capital Raise would be used to repay the Group's existing RCF, resulting in a net decrease in debt of £50 million. The Proposed Transaction was conditional on, among other things, shareholder and regulatory approvals.

Subsequent to 22 October 2020, the board of Countrywide plc continued its discussions with major shareholders in order to secure sufficient support for the Proposed Transaction.

On 9 November 2020, the board of Countrywide plc announced that it has received an indicative approach from Connells Limited to acquire the entire issued and to be issued share capital of Countrywide plc, in cash, at a price of 250 pence per Countrywide share (the "Connells Offer") which was conditional upon, amongst other things, the recommendation of the board of Countrywide plc and the support of shareholders. The board of Countrywide plc also announced that in light of recent discussions with shareholders, it had taken the decision to postpone the general meeting to approve the shareholder resolutions pursuant to the Proposed Transaction announced on 22 October 2020.

On 24 November 2020, the board of Countrywide plc announced that discussions with the company's shareholders had indicated insufficient support for the proposed Capital Raise in its current form, but also a recognition of the need for new capital and a readiness among shareholders to invest in Countrywide plc.

14 Events after the reporting year (continued)

Capital refinancing plan and indicative takeover approach (continued)
On 2 December 2020, the board of Countrywide plc announced that it had received a revised offer from Alchemy (the "Revised Alchemy Proposal") the terms of which include a £70 million capital raise, fully underwritten by Alchemy, and a net paydown of debt of £30 million, on terms that have not yet been agreed with the Group's lenders. Alchemy confirmed on 4 December 2020 that it had received non-binding letters of support in favour of the Revised Alchemy Proposal from shareholders covering approximately 45% of the issued share capital of Countrywide plc.

On 7 December 2020, the board of Countrywide plc announced that it had received a revised firm offer from Connells to acquire the entire issued and to be issued share capital of Countrywide plc, in cash, at a price of 325 pence per Countrywide share (the "Revised Connells Firm Offer"). Concurrently, in addition to announcing the Revised Connells Firm Offer themselves, Connells stated their intention to immediately repay all of Countrywide's existing lenders in full following completion of the offer.

On 7 December 2020, the board of Countrywide plc announced that it will continue to evaluate the merits of the Revised Connells Firm Offer in consultation with Countrywide plc's major shareholders, together with all other available options for the Group, including (but not limited to) the Revised Alchemy Proposal and a potential capital raise from existing shareholders of Countrywide plc.

COVID-19
The outbreak of COVID-19 in 2020 is considered to be a non-adjusting post balance sheet event for these financial statements for the year ended 31 December 2019. All branches were closed from 24 March 2020 and during lockdown, the Group took swift and decisive action to manage its cost base and liquidity, including taking advantage of the Government's Coronavirus Job Retention Scheme (82% of Group colleagues were placed on furlough) and agreeing tax payment deferrals with HMRC. The closure of the housing market between 24 March 2020 and 18 May 2020 directly impacted the mortgage and insurance markets, resulting in significant reduction in mortgage completions and fewer insurance policies taken out in that period . Since lockdown lifted the branch based business has begun to rebuild both the coverage of mortgage and protection consultants in the branch network, but also the volumes of mortgages written. The housing market has seen a steady recovery since the end of May. The Government's stamp duty holiday for properties up to £500,000 is expected to provide further stimulus to our principal markets. However, any assessment of the estimated long term financial impact of COVID-19 is currently inherently difficult.