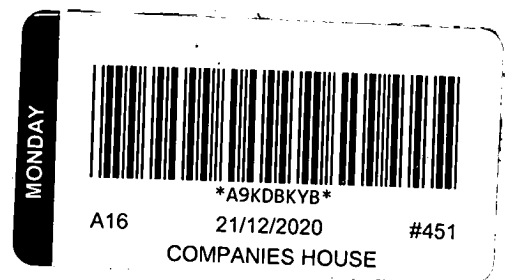


Registration number: 06725710

JAM Advisors Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2019



JAM Advisors Limited
(Registration number: 06725710)

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JAM Advisors Limited
(Registration number: 06725710)

Company Information

Directors	Peter Curran Paul Creffield
Company secretary	G R Williams Oakwood Corporate Secretary Limited
Registered office	Suite 2a St David's Court Union Street Wolverhampton WV1 3JE
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

JAM Advisors Limited
(Registration number: 06725710)

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 the company is that of a mortgage broker. There has been no change in the company's activities in the year under review and no future change in activity is anticipated.

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 £5.4m (2018: £5.2m) and operating profit of £1.2m (2018: £1.0m). The company had net assets of £3.6m at 31 December 2019 (2018: net assets of £2.7m) 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.

(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.

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

Financial risk management (continued)

(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:

Peter Curran

Paul Creffield

Employees

Our people are our greatest asset. As experts in their field who deliver for our customers, we recognise the importance of development and opportunity. Our vision is to be the provider of choice for property services in the UK. In order to achieve this, we develop, retain, and recruit dynamic, talented, professional people and create a culture where people are valued, can be themselves and realise their potential.

In 2019 we continued our 'Back to Basics' programme and continued to make significant progress in ensuring we have the right level of headcount and expertise and continued career development and progression. We recognise that our people need to be inspired to be the best they can be, feel valued and engaged. To support this, we offer a range of benefits and development opportunities for our people.

Share plans form a key part of the company's total reward offering. Last year saw the successful introduction of a Save as You Earn (SAYE) plan on a three year term, which has continued during 2019.

Training and development

The company has a flexible approach to on-the-job learning and a commitment to keeping our teams safe and legal. Compliance training is managed through our online system and completion rates are at an all-time high. Modules provide colleagues with tailored courses to support them in the roles they perform. Further courses will become available as we introduce induction and on-boarding programmes and maximise our use of technology.

JAM Advisors Limited
(Registration number: 06725710)

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

Employees (continued)

Communication and engagement

The company delivers timely, clear and consistent messaging to all colleagues. Updates include financial results and market updates through Our Place. Our Place is a key communication channel with over 60% of the Group's colleagues regularly visiting the site for updates including: financial results, market updates, blogs and business related information.

Our Place hosts High Fives, a group-wide recognition programme, created to encourage colleagues, managers and executives to recognise performance and behaviours that reflect the values of the company. The long service programme recognises and celebrates key service milestones.

To further strengthen the recognition of our people, this year we introduced the Countrywide Group Awards. Some 200 colleagues from across all business areas were invited to attend a prestigious event as a reward for their outstanding contribution to Countrywide. Qualification criteria included business performance metrics, customer service delivery and behavioural indicators reflecting our values which High Fives served to support.

Charitable giving

The Group supports a workplace charitable giving scheme so that employees can donate to their charities of choice tax efficiently through payroll deduction.

Employees of the company are also encouraged to support causes within their local communities.

Diversity and inclusion

We recognise that the promotion of equality, diversity and inclusion concerns us all and is the responsibility of all colleagues. We all contribute to ensuring that the company continues to be a welcoming and productive environment, where there is equality of opportunity, fostered in an environment of mutual respect and dignity. We are committed to a policy of equal opportunity and diversity in employment and recognise that this is essential to ensuring the success and growth of the company. To this end, we make every effort to select, recruit, train and promote the best candidates for the job.

We are committed to treating everyone, colleagues and customers, with dignity and respect. We promote an environment free from discrimination, harassment and victimisation. We aim to treat all employees and applicants fairly and appropriately, regardless of age, gender, civil partnership or marital status, pregnancy or maternity leave, disability, race, religion or belief, sex or sexual orientation, and to ensure that all opportunities are available to everyone and that no one suffers discrimination, harassment or intimidation.

Human rights

Due to regulatory requirements in the UK, we have judged that human rights are not a material risk for the business. We do, however, work closely with our third-party external suppliers to ensure that their human rights and ethics policies are aligned with those of the company.

Modern slavery

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our anti-slavery policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking are not taking place anywhere in our business or in our supply chains.

JAM Advisors Limited
(Registration number: 06725710)

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

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.

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.

JAM Advisors Limited
(Registration number: 06725710)

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

Going concern (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.

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.

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

Going concern (continued)

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.

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 18.

JAM Advisors Limited
(Registration number: 06725710)

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

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.

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.

JAM Advisors Limited
(Registration number: 06725710)

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

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:



.....
Peter Curran
Director

JAM Advisors Limited
(Registration number: 06725710)

Independent auditors' report to the members of JAM Advisors Limited

Report on the audit of the financial statements

Opinion

In our opinion, JAM Advisors 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.

JAM Advisors Limited
(Registration number: 06725710)

Independent auditors' report to the members of JAM Advisors 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 8, 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.

JAM Advisors Limited
(Registration number: 06725710)

Independent auditors' report to the members of JAM Advisors Limited (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

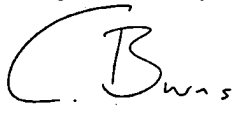
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.



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

18 December 2020

JAM Advisors Limited
(Registration number: 06725710)

Income Statement for the Year Ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	4	5,356	5,227
Administrative expenses		<u>(4,175)</u>	<u>(4,215)</u>
Operating profit	6	1,181	1,012
Net finance costs	7	<u>(5)</u>	<u>-</u>
Profit before taxation		1,176	1,012
Tax on profit	8	<u>(224)</u>	<u>(195)</u>
Profit for the financial year		<u>952</u>	<u>817</u>

The above results were derived from continuing operations.

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

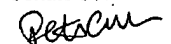
The notes on pages 16 to 41 form an integral part of these financial statements.

JAM Advisors Limited
(Registration number: 06725710)

Balance Sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible fixed assets	9	31	31
Right-of-use assets	10	53	-
		<u>84</u>	<u>31</u>
Current assets			
Trade and other receivables	11	4,805	3,400
Cash and cash equivalents		29	411
Deferred tax assets		5	3
		<u>4,839</u>	<u>3,814</u>
Creditors: Amounts falling due within one year			
Trade and other payables	12	(948)	(847)
Lease liabilities	10	(44)	-
		<u>(992)</u>	<u>(847)</u>
Net current assets		<u>3,847</u>	<u>2,967</u>
Total assets less current liabilities		3,931	2,998
Creditors: Amounts falling due after more than one year			
Lease liabilities	10	(5)	-
		<u>(5)</u>	<u>-</u>
Provisions for liabilities	13	(315)	(339)
Net assets		<u>3,611</u>	<u>2,659</u>
Capital and reserves			
Called up share capital	16	2	2
Profit and loss account		3,609	2,657
Total shareholders' funds		<u>3,611</u>	<u>2,659</u>

The financial statements on pages 13 to 41 were approved by the Board on 18 December 2020 and signed on its behalf by:



.....
Peter Curran
Director

JAM Advisors Limited
(Registration number: 06725710)

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	2	1,840	1,842
Profit for the financial year	-	817	817
Total comprehensive income for the year	-	817	817
Balance at 31 December 2018	2	2,657	2,659
Profit for the financial year	-	952	952
Total comprehensive income for the year	-	952	952
Balance at 31 December 2019	2	3,609	3,611

JAM Advisors Limited
(Registration number: 06725710)

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

JAM Advisors Limited ('the company') sells mortgage related financial services products principally in the new-build residential housing sector.

The company is a private company limited by share capital which is incorporated and domiciled in the UK. The address of the registered office is Suite 2a, St David's Court, Union Street, Wolverhampton, WV1 3JE.

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 convention, and in accordance with the Companies Act 2006.

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.

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

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
 - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'
 - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and the end of the period)
- 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) 40A-D (requirements for a third statement of financial position)
 - (vi) 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.

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

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.

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

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.

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

2 Summary of significant accounting policies (continued)

Going concern (continued)

Material uncertainty (continued)

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

The following new standards effective for the first time for the financial year beginning on or after 1 January 2019 have had a material impact on the company.

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

2 Summary of significant accounting policies (continued)

IFRS 16 'Leases'

This note explains the impact of the adoption of IFRS 16 'Leases' on the company's financial statements and discloses the new accounting policies that have been applied from 1 January 2019. The company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.60%.

	1 January 2019
	£'000
Operating lease commitments disclosed under IAS17 as at 31 December 2018	109
Discounted using the lessee's incremental borrowing rate as at the date of initial application	(11)
Lease liability recognised as at 1 January 2019 (see note 10)	98
Of which:	
Current lease liabilities	61
Non-current lease liabilities	37
	98

The associated right-of-use assets for all leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid (or accrued) lease payments related to that lease recognised in the balance sheet as at 31 December 2018.

The recognised right-of use assets relate to the following types of assets:

	1 January 2019
	£'000
Properties	98
Total right-of-use assets (see note 10)	98

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

2 Summary of significant accounting policies (continued)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	31 December 2018		1 January 2019
	As previously reported	Impact of IFRS16	Restated
	£'000	£'000	£'000
Non-current assets			
Right- of- use assets	-	98	98
Impact on non-current assets	-	98	98
Total impact on assets	-	98	98
Non-current liabilities			
Lease liabilities	-	37	37
Total impact on non-current liabilities	-	37	37
Current liabilities			
Lease liabilities	-	61	61
Total impact on current liabilities	-	61	61
Total impact on equity and liabilities	-	98	98

Deferred tax assets have been recognised to the extent that it is probable that these assets will be recovered through future taxable profits.

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

2 Summary of significant accounting policies (continued)

Practical expedients applied

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics. The Company applied a discount rate of 5.6% for property leases dependent on length of lease term;
- Reliance on previous assessments on whether leases are onerous, but with additional impairments recognised where identified;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- The use of hindsight in determining whether held-over leases will continue.

The company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 'Determining whether an arrangement contains a lease'.

The company's leasing activities and how these are accounted for

The company has three property leases and rental contracts are typically made for average periods of five years. Property lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Until 31 December 2018, leases of property were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable; and
- Incremental payments in relation to extension options which are reasonably certain to be exercised.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

2 Summary of significant accounting policies (continued)

The company's leasing activities and how these are accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of any initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs.

Payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value items are those less than £3,000.

Critical judgements in determining the lease term

Extension and termination options are included in the property lease and these terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by the company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the company.

In addition, the company has a property lease where the contractual lease term expires within six months of 31 December 2019 and occupation of the premises is expected to continue on a rolling basis as a held-over lease. As this held-over lease can be exited by either the company or the landlord, without significant penalty on either side, the company assumes continued occupation for the statutory notice period of six months and maintains a rolling six month liability until any notice is served by either party.

Tangible fixed assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Leasehold improvements - over the period of the lease
- Furniture and equipment - three to five years

The residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

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.

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

2 Summary of significant accounting policies (continued)

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 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.

Defined contribution pension scheme

The company contributes to a defined contribution pension scheme which is open to eligible employees. The assets of the scheme are held in an independently administered fund. The amount charged against profit or loss represents the contributions payable to the scheme in respect of the year.

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.

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

2 Summary of significant accounting policies (continued)

Revenue recognition

Services rendered

A five-step approach is taken for recognising revenue and other operating income 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.

Other income

Other income is recognised when its receipt is assured and the company has no further obligations to any other party in respect of that income.

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.

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.

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

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.

Judgement

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

Revenue 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 13.

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

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

Impairment of intercompany receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses. Determining whether intercompany receivables are impaired requires an estimation of their recoverable value. Calculating the cash flows requires the use of judgements and estimates that have been included in our strategic plans and long range forecasts. In addition, judgement is required to estimate the appropriate interest rate to be used to discount the future cash flows. The data necessary for the execution of the impairment tests is based on management estimates of future cash flows, which require estimating revenue growth rates and profit margins.

The recoverable amount of each entity was based on its value in use which was calculated by discounting pre-tax cash flow projections derived from formally approved strategic budgets or forecasts. Cash flow projections for each entity were based on the latest forecast and three-year plan (2020-2022 for December 2019 review and 2019-2021 for December 2018) that was endorsed by the Board. For the purpose of the impairment review, cash flows beyond the period of the plan were extrapolated using a terminal value which includes a growth rate of 1% into perpetuity. Cash flows were discounted using pre-tax discount rate of 12.37% reflecting the weighted average cost of capital assigned to each entity

4 Revenue

All of the company's revenues are generated in the United Kingdom from commission and fees earned on the sale of insurance policies, mortgages and related products.

Disaggregation of revenue from contracts with customers	2019	2018
	£'000	£'000
<i>Major service lines</i>		
Mortgage brokerage	3,240	3,221
Insurance brokerage	2,084	1,939
Other	32	5
	<u>5,356</u>	<u>5,165</u>
<i>Timing of revenue recognition</i>		
Services transferred at a point in time	<u>5,356</u>	<u>5,165</u>

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

5 Employees and Directors

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	1,357	1,202
Social security costs	136	111
Other pension costs	57	50
	<u>1,550</u>	<u>1,363</u>

The Directors were paid by a fellow Group undertaking. It is not practical to allocate their remuneration between various Group entities.

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

	2019	2018
	No.	No.
Sales	15	16
Administration and support	20	20
Management	5	3
	<u>40</u>	<u>39</u>

6 Operating profit

Arrived at after charging

	2019	2018
	£'000	£'000
Depreciation	108	30
Auditors' remuneration for audit work	16	12
Operating lease expense - property (1)	<u>-</u>	<u>103</u>

(1) See note 2 for details about the impact from the change in accounting policy, from the adoption of IFRS 16.

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

6 Operating profit (continued)

The fees payable for the audit of the company's financial statements total £16,000 (2018: £12,000). There are no non-audit fees payable to the company's auditors.

7 Net finance costs

	2019	2018
	£ 000	£ 000
Finance income	(1)	-
Interest on lease liabilities (1)	6	-
	<u>5</u>	<u>-</u>

(1) See note 2 for details about the impact from the change in accounting policy, from the adoption of IFRS 16.

8 Tax on profit

Tax expense included in income statement:

	2019	2018
	£'000	£'000
UK corporation tax on profits for the year	225	198
Adjustments in respect of prior years	1	-
Total current tax charge	<u>226</u>	<u>198</u>
Deferred tax on profit for the year:		
Origination and reversal of temporary differences	(1)	(3)
Adjustments in respect of prior years	(1)	-
Total deferred tax	<u>(2)</u>	<u>(3)</u>
Income tax charge	<u>224</u>	<u>195</u>

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

8 Tax on profit (continued)

The tax charge for the year 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 tax	1,176	1,012
Profit multiplied by the rate of corporation tax in the UK of 19% (2018: 19%)	<u>223</u>	<u>192</u>
Effects of:		
Other expenses not deductible	-	1
Impact of accelerated unwind of deferred tax assets	1	-
Permanent difference relating to depreciation not deductible	-	2
Total tax charge	<u>224</u>	<u>195</u>

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

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

8 Tax on profit (continued)

Deferred tax

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

	2019	2018
	£'000	£'000
Deferred tax asset at 1 January	3	-
Credited to income statement	2	3
Deferred tax assets at 31 December	<u>5</u>	<u>3</u>
Deferred tax asset expected to unwind within one year	<u>1</u>	<u>1</u>
Deferred tax asset expected to unwind after one year	<u>4</u>	<u>2</u>
	<u>5</u>	<u>3</u>

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	Credited/(charged) to income
	£'000	£'000
Origination and reversal of temporary differences		
Capital allowances	4	3
Share-based payments	-	(1)
Other temporary and deductible differences	1	-
Total	<u>5</u>	<u>2</u>

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

8 Tax on profit (continued)

	2018	
	Asset	Credited to income
	£'000	£'000
Origination and reversal of temporary differences		
Capital allowances	1	2
Share-based payments	1	1
Other temporary and deductible differences	1	-
Total	<u>3</u>	<u>3</u>

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

9 Tangible fixed assets

	Leasehold improvements	Furniture and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2019	20	46	66
Additions	-	26	26
Disposals	-	(1)	(1)
At 31 December 2019	<u>20</u>	<u>71</u>	<u>91</u>
Accumulated depreciation			
At 1 January 2019	16	19	35
Charge for the year	3	23	26
Disposals	-	(1)	(1)
At 31 December 2019	<u>19</u>	<u>41</u>	<u>60</u>
Net book amount			
At 31 December 2019	<u>1</u>	<u>30</u>	<u>31</u>
At 31 December 2018	<u>4</u>	<u>27</u>	<u>31</u>

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

10 Leases

(a) Right of Use Assets

On 1 January 2019 following adoption of the leasing standard IFRS16, assets in relation to leases which had previously been classified as operating leases were recognised, along with the reclassification of finance-leased assets held within tangible and intangible assets to right-of-use assets - see note 2 for details.

	2019
	Right-of-use
	Property Assets
	£'000
Cost	
At 1 January	-
Change in accounting policy (1)	98
Restated at 1 January	98
Additions	37
At 31 December	135
Accumulated depreciation	
At 1 January	-
Charge for the year	82
At 31 December	82
Net book amount	
At 31 December	53

(1) See note 2 for details about the impact from the change in accounting policy, from the adoption of IFRS 16.

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

10 Leases (continued)

(b) Lease liabilities

	2019
	Property lease liabilities
	£'000
Lease liabilities	
At 1 January	-
Change in accounting policy (1)	(98)
Restated at 1 January	(98)
Additions	(36)
Payments	91
Interest	(6)
At 31 December	(49)
Current	(44)
Non-current	(5)

(1) See note 2 for details about the impact from the change in accounting policy, from the adoption of IFRS 16.

The table below analyses the company's lease liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2019
	£'000
In less than one year	58
In more than one year but not more than two years	13
	<u>71</u>

The expense related to short term and low value leases amounted to £Nil in 2019.

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

11 Trade and other receivables

	2019	2018
	£'000	£'000
Trade receivables	131	141
Amounts owed by group undertakings	4,011	2,701
Other receivables	663	558
	<u>4,805</u>	<u>3,400</u>

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 £1,000 (2018: £Nil).

Amounts owed by group undertakings are unsecured, interest free, and are repayable on demand.

12 Trade and other payables

	2019	2018
	£'000	£'000
Trade payables	16	14
Amounts owed to group undertakings	349	356
Accruals and other payables	324	246
Current tax liabilities	226	198
Social security and other taxes	33	33
	<u>948</u>	<u>847</u>

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

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

13 Provisions for liabilities

	Revenue clawback provision	Property repairs	Total
	£'000	£'000	£'000
At 1 January 2019	264	75	339
Charged to income statement	528	-	528
Utilised in year	(552)	-	(552)
At 31 December 2019	240	75	315
Due within one year or less	83	10	93
Due after more than one year	157	65	222
	240	75	315

Revenue clawback represents the provision required to meet the estimated cost of repaying indemnity commission income received on life assurance policies that may lapse in the four years following issue.

14 Operating lease commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019	2018
	£'000	£'000
Property		
Within one year	-	52
Later than one year and less than five years	-	57
	-	109

From 2019 leased assets are presented as a separate line item in the balance sheet, see note 10. Refer to note 2 for details about the changes in accounting policy.

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

15 Pension and other schemes

Defined contribution pension scheme

The company offers membership of the group's defined contribution pension scheme to eligible employees. The pension cost charged for the year represents contributions payable by the company to the scheme and amounted to £57,000 (2018: £50,000).

16 Called up share capital

Allotted, called up and fully paid shares

	2019	2018
	£'000	£'000
2,000 (2018: 2,000) ordinary shares of £1 each	2	2

17 Parent and ultimate parent undertaking

The immediate parent undertaking is Countrywide Principal Services 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.

18 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.

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

18 Events after the reporting year (continued)

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.

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.

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

18 Events after the reporting year (continued)

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.