

THE MORTGAGE TRADING EXCHANGE LIMITED
FINANCIAL STATEMENTS
FOR
31ST MARCH 2004

COMPANY REGISTRATION NUMBER 3340621

COVENEY NICHOLLS

Chartered Accountants & Registered Auditors
The Old Wheel House
31/37 Church Street
Reigate
Surrey RH2 0AD



THE MORTGAGE TRADING EXCHANGE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2004

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THE MORTGAGE TRADING EXCHANGE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2004

The directors present their report and the financial statements of the company for the year ended 31st March 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of data processing and providing software consultancy services.

DIRECTORS

The directors who served the company during the year were as follows:

Mr J Saxton	
Mr D Hickman	
Mr T Morshead	
Mr CW Haresnape	
Mr M Lofthouse	
Mr PG Gibbs	
Mr D Finlay	(Appointed 25th February 2004)
Miss CL Templeton	(Appointed 24th September 2003)
Mr RJC Barclay	(Retired 24th September 2003)
Mr DC Cutbill	(Retired 22nd October 2003)
MW Richardson	(Served from 22nd October 2003 to 25th February 2004)
Mr John Sutherland	Served from 10 th June 2004 to 20 th October 2004

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Mr T Morshead retired as a director on 10th June 2004. Mrs T Hetherington was appointed as a director on 1 December 2004.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS

A resolution to re-appoint Coveney Nicholls as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

THE MORTGAGE TRADING EXCHANGE LIMITED

THE DIRECTORS' REPORT *(continued)*

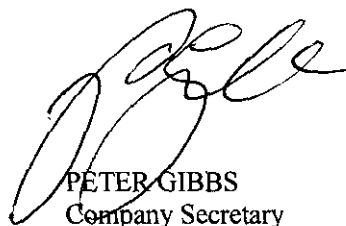
YEAR ENDED 31ST MARCH 2004

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
111 St James Road
Croydon
Surrey
CR0 2UW

Signed by order of the directors



PETER GIBBS
Company Secretary

Approved by the directors on 15/4/04.....

THE MORTGAGE TRADING EXCHANGE LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST MARCH 2004

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE MORTGAGE TRADING EXCHANGE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31ST MARCH 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

The Old Wheel House
31/37 Church Street
Reigate
Surrey RH2 0AD

20.1.05
.....

Coveney Nicholls

COVENEY NICHOLLS
Chartered Accountants
& Registered Auditors

THE MORTGAGE TRADING EXCHANGE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST MARCH 2004

	Note	2004 £	2003 £
TURNOVER		229,260	30,400
Cost of sales		<u>59,148</u>	<u>82,186</u>
GROSS PROFIT/(LOSS)		170,112	(51,786)
Administrative expenses		<u>1,008,730</u>	<u>1,797</u>
OPERATING LOSS	2	(838,618)	(53,583)
Interest payable		<u>7,661</u>	<u>—</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(846,279)	(53,583)
Tax on loss on ordinary activities	3	<u>—</u>	<u>(4,217)</u>
LOSS FOR THE FINANCIAL YEAR		(846,279)	(49,366)
Balance brought forward		<u>(45,654)</u>	<u>3,712</u>
Balance carried forward		<u>(891,933)</u>	<u>(45,654)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 9 form part of these financial statements.

THE MORTGAGE TRADING EXCHANGE LIMITED

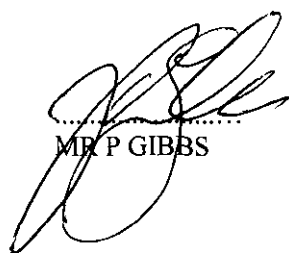
BALANCE SHEET

31ST MARCH 2004

	Note	2004 £	2003 £
CURRENT ASSETS			
Debtors	4	5,921	16,762
Cash at bank		—	1,097
		5,921	17,859
CREDITORS: Amounts falling due within one year	5	<u>897,852</u>	<u>63,511</u>
NET CURRENT LIABILITIES		<u>(891,931)</u>	<u>(45,652)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(891,931)</u>	<u>(45,652)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	2	2
Profit and loss account		<u>(891,933)</u>	<u>(45,654)</u>
DEFICIENCY	8	<u>(891,931)</u>	<u>(45,652)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 15/12/04 and are signed on their behalf by:



MR P GIBBS

The notes on pages 7 to 9 form part of these financial statements.

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover represents amounts invoiced during the year, excluding VAT. Where services are invoiced in advance an appropriate proportion of the revenue is deferred.

Fixed assets

All fixed assets are initially recorded at cost.

2. OPERATING LOSS

Operating loss is stated after charging:

	2004 £	2003 £
Directors' emoluments	—	—
Auditors' fees	<u>1,400</u>	<u>400</u>

3. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2003 - 20%)	—	<u>(4,217)</u>
Total current tax	<u>—</u>	<u>(4,217)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 20% (2003 - 20%).

	2004 £	2003 £
Loss on ordinary activities before taxation	<u>(846,279)</u>	<u>(53,583)</u>
Profit/(loss) on ord actvs by rate of tax	<u>(169,256)</u>	<u>(10,717)</u>
Tax losses utilised / carried forward	<u>169,256</u>	<u>6,500</u>
Total current tax (note 3(a))	<u>—</u>	<u>(4,217)</u>

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2004

4. DEBTORS

	2004 £	2003 £
Trade debtors	1,645	8,695
VAT recoverable	59	—
Other debtors	4,217	4,217
Prepayments and accrued income	—	3,850
	<u>5,921</u>	<u>16,762</u>

5. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	209	—
Trade creditors	134	135
Amounts owed to group undertakings	625,609	61,817
Other creditors including taxation:		
VAT	—	949
Accruals and deferred income	<u>271,900</u>	<u>610</u>
	<u>897,852</u>	<u>63,511</u>

6. RELATED PARTY TRANSACTIONS

The company was under the control of Mortgage Brain Limited throughout the current and previous year. The company invoiced the following material beneficial shareholders for services provided (including deferred revenue):

Nationwide	£90,000
RBS	£136,000
Alliance & Leicester	£45,000
HBOS	£180,000

There are no other related party transactions that need to be disclosed under FRS 8.

7. SHARE CAPITAL

Authorised share capital:	2004 £	2003 £
10,000 Ordinary shares of £0.05 each	<u>500</u>	<u>500</u>
Allotted, called up and fully paid:	2004 No	2003 No
	£	£
Ordinary shares of £0.05 each	<u>40</u>	<u>40</u>
	<u>2</u>	<u>2</u>

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2004

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Loss for the financial year	(846,279)	(49,366)
Opening shareholders' equity (deficit)/funds	<u>(45,652)</u>	<u>3,714</u>
Closing shareholders' equity deficit	<u>(891,931)</u>	<u>(45,652)</u>

9. ULTIMATE PARENT COMPANY

The company's parent and ultimate controlling party is MBL Holdings Limited.