

COMPANY REGISTRATION NUMBER 3340621

THE MORTGAGE TRADING EXCHANGE LIMITED
FINANCIAL STATEMENTS
FOR
31 MARCH 2011

COVENEY NICHOLLS

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

FRIDAY



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28/10/2011
COMPANIES HOUSE

THE MORTGAGE TRADING EXCHANGE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2011

The directors present their report and the financial statements of the company for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of licensing users to use the company's software products and services

DIRECTORS

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

M Lofthouse
P Gibbs
D Finlay
R J Taylor
L Banda
T L Morshead
P M Rickards
M Parker
G M Felstead
T J Lapish

(Appointed 27 May 2010)

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

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE MORTGAGE TRADING EXCHANGE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

Coveney Nicholls are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office
6 The Courtyard
Buntsford Gate
Buntsford Drive
Bromsgrove
Worcestershire
B60 3DJ

Signed by order of the directors



PETER GIBBS
Company Secretary

Approved by the directors on 27/10/2011

THE MORTGAGE TRADING EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE MORTGAGE TRADING EXCHANGE LIMITED

YEAR ENDED 31 MARCH 2011

We have audited the financial statements of The Mortgage Trading Exchange Limited for the year ended 31 March 2011. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 auditor's 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE MORTGAGE TRADING EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE MORTGAGE TRADING EXCHANGE LIMITED *(continued)*

YEAR ENDED 31 MARCH 2011

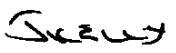
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

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

27.10.11


MR J N KELLY (Senior Statutory
Auditor)
For and on behalf of
COVENEY NICHOLLS
Chartered Accountants
& Statutory Auditor

THE MORTGAGE TRADING EXCHANGE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
TURNOVER		2,601,103	2,747,216
Cost of sales		<u>47,475</u>	<u>50,216</u>
GROSS PROFIT		2,553,628	2,697,000
Administrative expenses		<u>2,620,932</u>	<u>2,095,917</u>
OPERATING (LOSS)/PROFIT	2	(67,304)	601,083
Interest payable and similar charges		<u>6,645</u>	<u>7,518</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(73,949)	593,565
Tax on (loss)/profit on ordinary activities	4	<u>(33,572)</u>	<u>(16,769)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(40,377)</u>	<u>610,334</u>

The notes on pages 7 to 12 form part of these financial statements.

THE MORTGAGE TRADING EXCHANGE LIMITED

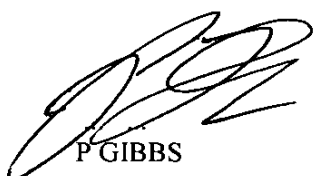
BALANCE SHEET

31 MARCH 2011

	Note	2011 £	2010 £
CURRENT ASSETS			
Debtors	5	372,998	229,681
Cash at bank		140	30
		<u>373,138</u>	<u>229,711</u>
CREDITORS: Amounts falling due within one year	7	<u>1,487,641</u>	<u>1,449,548</u>
NET CURRENT LIABILITIES		<u>(1,114,503)</u>	<u>(1,219,837)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,114,503)</u>	<u>(1,219,837)</u>
CREDITORS: Amounts falling due after more than one year	8	<u>240,901</u>	<u>95,190</u>
		<u>(1,355,404)</u>	<u>(1,315,027)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	2	2
Profit and loss account	13	(1,355,406)	(1,315,029)
DEFICIT	13	<u>(1,355,404)</u>	<u>(1,315,027)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 27/10/2011, and are signed on their behalf by



P GIBBS

Company Registration Number 3340621

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Cash or equity settled share based payments

The group holding company issues cash-settled share based payments to certain employees of the trading companies of the group. A liability equal to the portion of services received is recognised at the current fair value determined at each balance sheet date.

Turnover

The Turnover shown in the profit and loss account represents amounts receivable for services provided to customers exclusive of value added tax. Annual contracts are credited to turnover in equal monthly instalments over the period of the contract.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES *(continued)*

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2011 £	2010 £
Staff pension contributions	37,420	34,116
Cash-settled share-based payments	145,711	59,891
Auditor's fees	<u>3,000</u>	<u>2,500</u>

3. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Aggregate remuneration	201,179	133,169
Value of company pension contributions to money purchase schemes	<u>7,896</u>	<u>5,884</u>
	<u>209,075</u>	<u>139,053</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011 No	2010 No
Money purchase schemes	<u>3</u>	<u>2</u>

4. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2011 £	2010 £
Deferred tax		
Origination and reversal of timing differences (note 6)		
Provision deferred tax - options charge	<u>(33,572)</u>	<u>(16,769)</u>

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

4. TAXATION ON ORDINARY ACTIVITIES *(continued)*

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	<u>(73,949)</u>	<u>593,565</u>
(Loss)/profit on ordinary activities by rate of tax	(20,705)	166,198
Tax losses (utilised)/carried forward	(62,027)	(159,519)
Items not deductible for taxation purposes	82,732	17,394
Research and Development	-	(24,073)
Total current tax	<u>-</u>	<u>-</u>

5. DEBTORS

	2011 £	2010 £
Amounts owed by group undertakings	299,379	148,024
VAT recoverable	285	656
Prepayments and accrued income	13,109	54,348
Deferred taxation (note 6)	60,225	26,653
	<u>372,998</u>	<u>229,681</u>

6. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011 £	2010 £
Included in debtors (note 5)	<u>60,225</u>	<u>26,653</u>

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	26,653	9,884
Profit and loss account movement arising during the year	33,572	16,769
Balance carried forward	<u>60,225</u>	<u>26,653</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Provision deferred tax - options charge	60,225	26,653
	<u>60,225</u>	<u>26,653</u>

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

6. DEFERRED TAXATION *(continued)*

The company has recognised a deferred tax asset in respect of the options charge, which will crystallise when the options are exercised

7. CREDITORS: Amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	7,411	7,410
Accruals and deferred income	1,480,230	1,442,138
	<u>1,487,641</u>	<u>1,449,548</u>

8. CREDITORS: Amounts falling due after more than one year

	2011 £	2010 £
Liability for cash-settled share-based payments	240,901	95,190

9. SHARE-BASED PAYMENTS

Cash-settled share-based payments

The company's parent company, MBL Holdings Limited, granted 419,520 share options in 2008/9 to certain employees and directors. The options are exercisable in two equal tranches after 3 and 4 years. The contractual life of the options is 10 years. The options require the employees to remain in the group's employment over the vesting period and there are no performance conditions attached to the options.

The option agreement provides for a put and call option over the shares once exercised. As the put and call option makes an immediate sale inevitable (by either party) after exercise the options are considered 'cash-settled'.

The valuation of the options is therefore derived from the put and call option formula which is as follows:

$$(((9 \times \text{EBITDA}) + \text{net asset change since March 2008}) / \text{No. of shares in issue}) - £0.93$$

EBITDA being earnings before interest, taxation, depreciation and amortisation

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

9. SHARE-BASED PAYMENTS *(continued)*

The fair value per option granted and the assumptions used in the calculation are as follows

	2010	2009
	April 2008	April 2008
Grant date	£0 57	£0 57
Share price at grant	£2 41 to £3 98	£1 77 and £2 75
Exercise price	7	7
Number of employees subject to scheme	419,520	419,520
Shares under option	3 and 4 years	3 and 4 years
Vesting period	10 years	10 years
Option life	3 and 4 years	4 years
Expected life	£1 84 to £3 41	£1 20 and £2 18
Fair value per option		

The option charge has been discounted using a discount factor of 15%, which is based on an reasonable expected return from a third party investor in this type of business

The charge in the accounts for 2011 is £145,711 (2010 £59,891) and represents 35% of the total charge, being the relevant proportion of staff cost attributable to Mortgage Brain Limited. The charge is inclusive of employers national insurance

10. CONTINGENCIES

The company cross guarantees the debts of fellow group companies. External finance totalling £1,198,808 was held by the group at 31 March 2011 (2010 - £1,359,334)

11. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary and the results of the company are included in the consolidated financial statements of the ultimate parent undertaking, MBL Holdings Limited, which are publicly available and accordingly no related party transactions with group companies or shareholders are required to be disclosed under Financial Reporting Standard 8, 'Related Party Transactions'

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

12. SHARE CAPITAL

Authorised share capital:

	2011	2010
	£	£
10,000 Ordinary shares of £0.05 each	<u>500</u>	<u>500</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
40 Ordinary shares of £0.05 each	<u>40</u>	<u>2</u>	<u>40</u>	<u>2</u>

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
Balance brought forward	2	(1,315,029)	(1,315,027)
Loss for the year	–	(40,377)	(40,377)
Balance carried forward	<u>2</u>	<u>(1,355,406)</u>	<u>(1,355,404)</u>

14. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Mortgage Brain Limited.

The company's ultimate parent undertaking is MBL Holdings Limited a company registered in England and Wales under number 3887371. Consolidated accounts are publicly available from Companies House, Crown Way, Cardiff.