

COMPANY REGISTRATION NUMBER 03340621

THE MORTGAGE TRADING EXCHANGE LIMITED
FINANCIAL STATEMENTS
FOR
31 MARCH 2012



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

THE MORTGAGE TRADING EXCHANGE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

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THE MORTGAGE TRADING EXCHANGE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements of the company for the year ended 31 March 2012

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

L Banda

T L Morshead

P M Rickards

G M Felstead

T J Lapish

Mr A M Whittaker (Appointed 30 June 2011)

Mr R Tugwell (Appointed 1 January 2012)

R J Taylor (Retired 30 June 2011)

M Parker (Retired 1 January 2012)

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 2012

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 14/12/12

THE MORTGAGE TRADING EXCHANGE LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE
MORTGAGE TRADING EXCHANGE LIMITED****YEAR ENDED 31 MARCH 2012**

We have audited the financial statements of The Mortgage Trading Exchange Limited for the year ended 31 March 2012. 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 Chapter 3 of Part 16 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 2012 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 2012

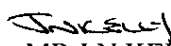
MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

19-12-12


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 2012

	Note	2012 £	2011 £
TURNOVER		2,398,486	2,601,103
Cost of sales		<u>47,126</u>	<u>47,475</u>
GROSS PROFIT		2,351,360	2,553,628
Administrative expenses		<u>2,482,272</u>	<u>2,620,932</u>
OPERATING LOSS	2	(130,912)	(67,304)
Interest payable and similar charges		<u>72,089</u>	<u>6,645</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(203,001)	(73,949)
Tax on loss on ordinary activities	4	<u>(41,521)</u>	<u>(33,572)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(161,480)</u>	<u>(40,377)</u>

THE MORTGAGE TRADING EXCHANGE LIMITED

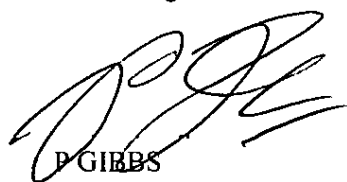
BALANCE SHEET

31 MARCH 2012

	Note	2012 £	2011 £
CURRENT ASSETS			
Debtors	5	432,390	372,998
Cash at bank		160	140
		<u>432,550</u>	<u>373,138</u>
CREDITORS: Amounts falling due within one year	7	<u>1,597,545</u>	<u>1,487,641</u>
NET CURRENT LIABILITIES		<u>(1,164,995)</u>	<u>(1,114,503)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,164,995)</u>	<u>(1,114,503)</u>
CREDITORS: Amounts falling due after more than one year	8	<u>351,889</u>	<u>240,901</u>
		<u>(1,516,884)</u>	<u>(1,355,404)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	2	2
Profit and loss account	13	<u>(1,516,886)</u>	<u>(1,355,406)</u>
DEFICIT	13	<u>(1,516,884)</u>	<u>(1,355,404)</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 14/12/12 and are signed on their behalf by



P. GIBBS

Company Registration Number 03340621

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

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.

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.

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.

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES *(continued)*

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

Operating loss is stated after charging

	2012	2011
	£	£
Staff pension contributions	37,998	37,420
Cash-settled share-based payments	162,283	145,711
Auditor's fees	<u>3,000</u>	<u>3,000</u>

3. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Aggregate remuneration	166,947	201,179
Value of company pension contributions to money purchase schemes	<u>57,713</u>	<u>7,896</u>
	<u>224,660</u>	<u>209,075</u>

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

	2012	2011
	No	No
Money purchase schemes	<u>3</u>	<u>3</u>

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

4. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year at 20% (2011 - 28%)	5,979	-
Total current tax	5,979	-
Deferred tax		
Origination and reversal of timing differences (note 6)		
Provision deferred tax - options charge	(47,500)	(33,572)
Tax on loss on ordinary activities	(41,521)	(33,572)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2011 - 28%)

	2012 £	2011 £
Loss on ordinary activities before taxation	(203,001)	(73,949)
Loss on ordinary activities by rate of tax	(40,600)	(20,705)
Tax losses (utilised)/carried forward	-	(62,027)
Items not deductible for taxation purposes	46,579	82,732
Total current tax (note 4(a))	5,979	-

5. DEBTORS

	2012 £	2011 £
Amounts owed by group undertakings	322,586	299,379
VAT recoverable	285	285
Prepayments and accrued income	1,794	13,109
Deferred taxation (note 6)	107,725	60,225
	432,390	372,998

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

6. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2012	2011
	£	£
Included in debtors (note 5)	<u>107,725</u>	<u>60,225</u>

The movement in the deferred taxation account during the year was

	2012	2011
	£	£
Balance brought forward	60,225	26,653
Profit and loss account movement arising during the year	<u>47,500</u>	<u>33,572</u>
Balance carried forward	<u>107,725</u>	<u>60,225</u>

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

	2012	2011
	£	£
Provision deferred tax - options charge	<u>107,725</u>	<u>60,225</u>
	<u>107,725</u>	<u>60,225</u>

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

	2012		2011	
	£	£	£	£
Amounts owed to group undertakings		7,411		7,411
Other creditors including taxation				
Corporation tax	5,979		—	
Liability for cash-settled share-based payments < 1 year	116,480		—	
Accruals and deferred income	<u>1,467,675</u>		<u>1,480,230</u>	
		<u>1,590,134</u>		<u>1,480,230</u>
		<u>1,597,545</u>		<u>1,487,641</u>

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

	2012		2011	
	£	£	£	£
Liability for cash-settled share-based payments		<u>351,889</u>		<u>240,901</u>

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

9. SHARE-BASED PAYMENTS

The parent company, Mortgage Brain Holdings Limited, granted 419,520 share options in the 2008/09 accounting year to selected 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 fair value per option granted and the assumptions used in the calculation are as follows:

	2012	2011
Grant date	April 2008	April 2008
Share price at grant	£0.57	£0.57
Exercise price	£3.36, £3.57 and £4.65	£1.77 and £2.75
Number of employees subject to scheme	7	7
Shares under option	419,250	419,520
Vesting period	3 and 4 years	3 and 4 years
Option life	10 years	10 years
Expected life	3 years	4 years

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

The charge in the accounts for 2012 is £162,283 (2011 £145,711). The provision has been discounted and the release of the discount treated as financing costs. A total of £65,185 (2011-£nil) has been charged in the year. The charge is inclusive of employer's national insurance.

10. CONTINGENCIES

The company cross guarantees the debts of fellow group companies. External finance totalling £1,039,331 was held by the group at 31 March 2012 (2011 - £1,198,808).

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, Mortgage Brain Holdings Limited, which are publicly available and accordingly no related party transactions with group companies or shareholders are required to be disclosed under the Financial Reporting Standard for Smaller Entities (FRSSE).

THE MORTGAGE TRADING EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

12. SHARE CAPITAL

Authorised share capital:

	2012	2011
	£	£
10,000 Ordinary shares of £0.05 each	<u>500</u>	<u>500</u>

Allotted, called up and fully paid:

	2012		2011	
	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	(1,355,406)	(1,355,404)
Loss for the year	—	(161,480)	(161,480)
Balance carried forward	<u>2</u>	<u>(1,516,886)</u>	<u>(1,516,884)</u>

14. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Mortgage Brain Limited

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

THE MORTGAGE TRADING EXCHANGE LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 MARCH 2012

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 3 to 4**

THE MORTGAGE TRADING EXCHANGE LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2012

	2012		2011	
	£	£	£	£
TURNOVER		2,398,486		2,601,103
COST OF SALES				
Purchases	3,553		3,650	
Direct costs	<u>43,573</u>		<u>43,825</u>	
		47,126		47,475
GROSS PROFIT		2,351,360		2,553,628
OVERHEADS				
Administrative expenses		<u>2,482,272</u>		<u>2,620,932</u>
OPERATING LOSS		(130,912)		(67,304)
Interest payable and similar charges		<u>(72,089)</u>		<u>(6,645)</u>
LOSS ON ORDINARY ACTIVITIES		<u>(203,001)</u>		<u>(73,949)</u>

THE MORTGAGE TRADING EXCHANGE LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2012

	2012		2011	
	£	£	£	£
ADMINISTRATIVE EXPENSES				
Personnel costs				
Directors salaries	133,451		188,672	
Directors pension contributions	57,713		7,896	
Wages and salaries	1,537,735		1,443,477	
Cash-settled share-based payments	162,283		145,711	
Employers national insurance contributions	194,127		185,455	
Staff pension contributions	37,998		37,420	
		2,123,307		2,008,631
Establishment expenses				
Rates and water	13,343		12,770	
Light and heat	3,402		3,516	
Insurance	5,964		5,438	
Repairs and maintenance	14,801		16,503	
		37,510		38,227
General expenses				
Motor expenses	83,532		78,314	
Travel and subsistence	59,841		46,861	
Telephone	74,583		88,520	
Equipment leasing charges	4,243		2,573	
Printing, stationery and postage	5,251		4,489	
Staff training	388		2,702	
Sundry expenses	580		302	
Marketing expenses	61,038		132,220	
Subscriptions	5,105		5,428	
Entertaining	5,430		5,568	
Management charges payable	16,547		21,912	
Legal and professional fees	(767)		169,514	
Recruitment fees	1,767		11,710	
Auditors remuneration	3,000		3,000	
		320,538		573,113
Financial costs				
Bank charges		917		961
		2,482,272		2,620,932
INTEREST PAYABLE AND SIMILAR CHARGES				
Bank interest payable		6,904		6,645
Other similar charges		65,185		—
		72,089		6,645