

COMPANY REGISTRATION NUMBER: 03340621

The Mortgage Trading Exchange Limited
Financial Statements
31 March 2016



COVENEY NICHOLLS PARTNERSHIP LLP

Chartered accountant & statutory auditor

The Old Wheel House

31/37 Church Street

Reigate

Surrey

UK

RH2 0AD

The Mortgage Trading Exchange Limited

Financial Statements

Year ended 31 March 2016

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The Mortgage Trading Exchange Limited

Directors' Report

Year ended 31 March 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

Directors

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

M Lofthouse	
P Gibbs	
T L Morshead	
T J Laphs	
C P Calder	
J G Gibbons	
I G Andrew	
S Taylor	(Appointed 15 May 2015)
K Gaughan	(Appointed 26 February 2016)
R Crocker	(Appointed 26 November 2015)
G M Felstead	(Retired 15 May 2015)
R C Tugwell	(Retired 31 March 2016)
P Curran	(Retired 15 May 2015)

Directors' responsibilities statement

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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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

Directors' Report *(continued)*

Year ended 31 March 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

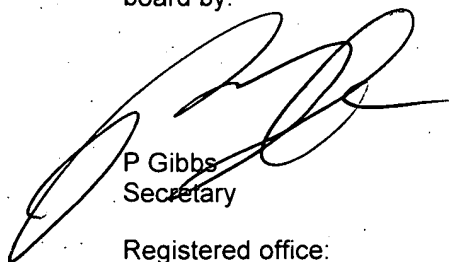
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 24/11/16 and signed on behalf of the board by:



P Gibbs
Secretary

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

The Mortgage Trading Exchange Limited

Independent Auditor's Report to the Shareholders of The Mortgage Trading Exchange Limited

Year ended 31 March 2016

We have audited the financial statements of The Mortgage Trading Exchange Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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

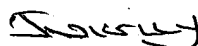
Independent Auditor's Report to the Shareholders of The Mortgage Trading Exchange Limited *(continued)*

Year ended 31 March 2016

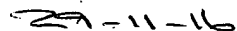
Matters on which we are required to report by exception

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; and
- 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 and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Mr J N Kelly (Senior Statutory Auditor)



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

For and on behalf of
Coveney Nicholls Partnership LLP
Chartered accountant & statutory auditor

The Mortgage Trading Exchange Limited

Statement of Comprehensive Income

Year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	2,656,007	2,663,223
Cost of sales		80,342	64,613
Gross profit		2,575,665	2,598,610
Administrative expenses		3,217,948	2,687,609
Operating loss	4	(642,283)	(88,999)
Interest payable and similar charges	7	6,261	4,529
Loss on ordinary activities before taxation		(648,544)	(93,528)
Tax on loss on ordinary activities	8	72,486	45,679
Loss for the financial year and total comprehensive income		<u>(721,030)</u>	<u>(139,207)</u>

All the activities of the company are from continuing operations.

The Mortgage Trading Exchange Limited

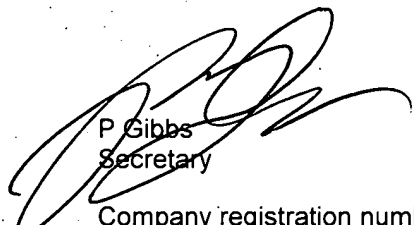
Statement of Financial Position

31 March 2016

	Note	2016 £	2015 £
Current assets			
Debtors	9	209,779	625,685
Cash at bank and in hand		122	167
		<u>209,901</u>	<u>625,852</u>
Creditors: amounts falling due within one year	10	<u>1,512,728</u>	<u>1,464,871</u>
Net current liabilities		<u>1,302,827</u>	<u>839,019</u>
Total assets less current liabilities		<u>(1,302,827)</u>	<u>(839,019)</u>
Net liabilities		<u>(1,302,827)</u>	<u>(839,019)</u>
Capital and reserves			
Called up share capital	14	2	2
Profit and loss account	15	<u>(1,302,829)</u>	<u>(839,021)</u>
Shareholders deficit		<u>(1,302,827)</u>	<u>(839,019)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on 24/11/16, and are signed on behalf of the board by:


P Gibbs
Secretary

Company registration number: 03340621

The Mortgage Trading Exchange Limited

Statement of Changes in Equity

Year ended 31 March 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2014	2	(826,338)	(826,336)
Loss for the year	—	(139,207)	(139,207)
Total comprehensive income for the year	—	(139,207)	(139,207)
Capital contribution from ultimate parent company (allocation of group cash settled share based payment expense)	—	126,524	126,524
Total investments by and distributions to owners	—	126,524	126,524
At 31 March 2015	2	(839,021)	(839,019)
Loss for the year	—	(721,030)	(721,030)
Total comprehensive income for the year	—	(721,030)	(721,030)
Capital contribution from ultimate parent company (allocation of group cash settled share based payment expense)	—	257,222	257,222
Total investments by and distributions to owners	—	257,222	257,222
At 31 March 2016	2	(1,302,829)	(1,302,827)

The Mortgage Trading Exchange Limited

Notes to the Financial Statements

Year ended 31 March 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS102 (Section 1A Small Companies), 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

The entity is a private limited company incorporated in England and Wales.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 19.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Mortgage Brain Holdings Limited which can be obtained from Companies House, Cardiff. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

Revenue recognition

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.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

2. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Share-based payments

The company participates in a share-based payment arrangement established by the ultimate parent company and has taken advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

3. Turnover

Turnover arises from:

	2016 £	2015 £
Rendering of services	<u>2,656,007</u>	<u>2,663,223</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Cash-settled share-based payments expense	<u>257,222</u>	126,524
Defined contribution plans expense	<u>173,729</u>	<u>120,732</u>

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

5. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	<u>2,450</u>	<u>2,450</u>

6. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	243,385	229,937
Company contributions to defined contribution pension plans	<u>65,530</u>	<u>38,497</u>
	<u>308,915</u>	<u>268,434</u>

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

	2016 No.	2015 No.
Defined contribution plans	<u>3</u>	<u>3</u>

The number of directors who exercised share options and received shares under a long term incentive scheme during the year was as follows:

	2016 No.	2015 No.
Directors who exercised share options	<u>3</u>	<u>3</u>

7. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	<u>6,261</u>	<u>4,529</u>

8. Tax on loss on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
Adjustments in respect of prior periods	—	(41,076)
Deferred tax:		
Share based payments	<u>72,486</u>	<u>86,755</u>
Tax on loss on ordinary activities	<u>72,486</u>	<u>45,679</u>

The Mortgage Trading Exchange Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2016

8. Tax on loss on ordinary activities (continued)

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

	2016 £	2015 £
Loss on ordinary activities before taxation	(648,544)	(93,528)
Loss on ordinary activities by rate of tax	(129,709)	(19,641)
Tax losses unused/(utilised)	145,743	51,536
Expenses not deductible for tax purposes	3,478	1,631
Rounding on tax charge	—	(1,885)
Tax relief on payment of cash settled share payments	—	1,523
Group relief surrendered/(claimed)	52,974	12,515
Tax on loss on ordinary activities	<u>72,486</u>	<u>45,679</u>

9. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	121,648	474,418
Deferred tax asset	37,705	110,191
Prepayments and accrued income	9,350	—
Corporation tax repayable	41,076	41,076
	<u>209,779</u>	<u>625,685</u>

10. Creditors: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	7,719	7,411
Accruals and deferred income	1,505,009	1,457,460
	<u>1,512,728</u>	<u>1,464,871</u>

11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in debtors (note 9)	<u>37,705</u>	<u>110,191</u>

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

	2016 £	2015 £
Share-based payments	<u>37,705</u>	<u>110,191</u>

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

11. Deferred tax *(continued)*

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

The company has an unrecognised deferred tax asset of £194,825 (2015 - £49,081) in respect of unused tax losses. No deferred tax asset has been recognised due to the uncertain timing at which sufficient profits will be generated to utilise the losses.

12. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £173,729 (2015: £120,732).

13. Share-based payments

Certain employees of the company have previously been granted cash settled share based payments in the ultimate parent company, Mortgage Brain Holdings Limited. The expense of shares granted is being recognised by the group over the vesting period.

In the company, the arrangement is recognised as equity settled, since the company has no obligation to settle the share based payment transaction. The obligation lies with the issuing entity, Mortgage Brain Holdings Limited. The company recognises an equity-settled share-based payment expense based on a reasonable allocation of the total charge for the group. The allocation is the total charge for the group pro-rated for the number of participating employees of the company.

During the year, an expense of £257,222 (2015: £126,524) was recognised, with a corresponding credit recognised as a capital contribution directly in equity.

14. Called up share capital

Authorised share capital

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>10,000</u>	<u>500</u>	<u>10,000</u>	<u>500</u>

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>40</u>	<u>2</u>	<u>40</u>	<u>2</u>

15. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

16. Contingencies

The company cross guarantees the debts of fellow group companies. External finance totalling £716,495 was held by the group at 31 March 2016 (2015 - £556,700). Bank of Scotland Plc hold a fixed and floating charge over the undertaking and all its assets in respect of this guarantee.

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

17. Related party transactions

The company is exempt from disclosing transactions with companies also wholly owned by the group.

18. Controlling party

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 at the same address as this company. Consolidated accounts are publicly available from Companies House, Crown Way, Cardiff. This is the smallest and largest group accounts in which the results of the company are consolidated.

19. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 April 2014.

Reconciliation of equity

	1 April 2014			31 March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Current assets	744,306	2,480	746,786	90,982	534,870	625,852
Creditors: amounts falling due within one year	(2,130,940)	557,818	(1,573,122)	(1,960,037)	495,166	(1,464,871)
Net current liabilities	(1,386,634)	560,298	(826,336)	(1,869,055)	1,030,036	(839,019)
Total assets less current liabilities	(1,386,634)	560,298	(826,336)	(1,869,055)	1,030,036	(839,019)
Creditors: amounts falling due after more than one year	(399,002)	399,002	—	(55,788)	55,788	—
Net liabilities	(1,785,636)	959,300	(826,336)	(1,924,843)	1,085,824	(839,019)
Capital and reserves	(1,785,636)	959,300	(826,336)	(1,924,843)	1,085,824	(839,019)

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

19. Transition to FRS 102 *(continued)*

Reconciliation of profit or loss for the year

	Year ended 31 March 2015		
	As previously stated	Effect of transition	FRS 102 (as restated)
	£	£	£
Turnover	2,663,223	–	2,663,223
Cost of sales	(64,613)	–	(64,613)
Gross profit	2,598,610	–	2,598,610
Administrative expenses	(2,710,451)	22,842	(2,687,609)
Operating loss	(111,841)	22,842	(88,999)
Interest payable and similar charges	18,313	(22,842)	(4,529)
Tax on loss on ordinary activities	(45,679)	–	(45,679)
Loss for the financial year	(139,207)	–	(139,207)

Cash settled share based payments

The company has taken advantage of the alternative treatment of group share based payment plans offered by FRS102. Cash settled share based payment instruments are issued by the parent company, Mortgage Brain Holdings Limited. The goods and services in return for these instruments are provided to the subsidiary companies, Mortgage Brain Limited and The Mortgage Trading Exchange Limited.

FRS102 allows the company to apply reduced disclosures in the financial statements of the subsidiaries, and recognise an expense based on 'a reasonable allocation' of the group expense. The company has no obligation to settle the share based payment arrangement, as the liability rests with the parent company. Therefore the expense is treated as equity settled within the financial statements of the subsidiary; this company.

The expense is recognised in the income statement as it was under the previous UK GAAP. The liability is now recognised as a component of equity, being a capital contribution from the parent company, opposed to the previous treatment whereby it was reported as a liability under the previous UK GAAP.

Where the company has settled the share based payment arrangement on behalf of the parent company, a balance due from group undertakings is now recognised.

The effect of these accounting policy changes at 1 April 2014 compared to those figures previously reported is to increase current assets by £2,480, decrease current liabilities by £557,818, increase net current assets by £560,298, decrease non-current liabilities by £399,002 and increase net assets by £959,300.

The effect of these accounting policy changes at 31 March 2015 compared to those figures previously reported is to increase current assets by £534,870, decrease current liabilities by £495,166, decrease net current liabilities by £1,030,036, decrease non-current liabilities by £55,788 and decrease net liabilities by £1,085,824.

There was no impact on the profit previously reported from these adjustments.

The Mortgage Trading Exchange Limited

Management Information

Year ended 31 March 2016

The following pages do not form part of the financial statements.

The Mortgage Trading Exchange Limited

Detailed Income Statement

Year ended 31 March 2016

	2016 £	2015 £
Turnover	2,656,007	2,663,223
Cost of sales		
Purchases	35,780	1,893
Direct costs	44,562	62,720
	<u>80,342</u>	<u>64,613</u>
Gross profit	2,575,665	2,598,610
Overheads		
Administrative expenses	3,217,948	2,687,609
Operating loss	(642,283)	(88,999)
Interest payable and similar charges	6,261	4,529
Loss on ordinary activities before taxation	<u>(648,544)</u>	<u>(93,528)</u>

The Mortgage Trading Exchange Limited

Notes to the Detailed Income Statement

Year ended 31 March 2016

	2016 £	2015 £
Administrative expenses		
Directors salaries	245,419	227,768
Directors pension contributions	65,530	38,497
Wages and salaries	1,878,040	1,672,112
Other staff costs	36,352	13,980
Cash-settled share-based payments	257,222	126,524
Employers national insurance contributions	240,220	217,177
Staff pension contributions	108,199	82,235
Rent	27,797	—
Rates and water	13,776	13,745
Light and heat	12,640	2,962
Insurance	8,052	6,568
Repairs and maintenance	15,207	16,049
Motor expenses	52,030	45,556
Travel and subsistence	53,589	23,204
Hire costs	7,920	6,099
Telephone	48,484	65,309
Printing postage and stationery	8,221	6,533
Staff training	1,358	619
Sundry expenses	194	201
Subscriptions	3	—
Marketing expenses	72,931	62,652
Subscriptions	5,038	4,311
Entertaining	8,935	7,765
Management charges payable	22,975	22,432
Legal and professional fees (allowable)	23,908	21,459
Auditors remuneration	2,450	2,450
Bank charges	1,458	1,402
	<u>3,217,948</u>	<u>2,687,609</u>
Interest payable and similar charges		
Interest on banks loans and overdrafts	<u>6,261</u>	<u>4,529</u>