

The Mortgage Trading Exchange Limited
Financial Statements
31 March 2017



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COMPANIES HOUSE

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 2017

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The Mortgage Trading Exchange Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Directors

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

M Lofthouse	
P Gibbs	
T L Morshead	
T J Lapish	
C P Calder	
J G Gibbons	
I G Andrew	
S Taylor	
R Crocker	
C Molyneux	(Appointed 4 August 2016)
P D Rogerson	(Appointed 24 November 2016)
K Gaughan	(Resigned 4 August 2016)
A D Mooney	(Served from 21 April 2016 to 24 November 2016)

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 2017

Auditor

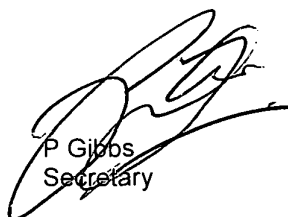
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

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 on26/10/17..... 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 Members of The Mortgage Trading Exchange Limited

Year ended 31 March 2017

We have audited the financial statements of The Mortgage Trading Exchange Limited for the year ended 31 March 2017 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 the 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 members, 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 members 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 members 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 2017 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 Members of The Mortgage Trading Exchange Limited *(continued)*

Year ended 31 March 2017

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)

For and on behalf of
Coveney Nicholls Partnership LLP
Chartered accountant & statutory auditor
The Old Wheel House
31/37 Church Street
Reigate
Surrey
UK
RH2 0AD

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The Mortgage Trading Exchange Limited

Statement of Comprehensive Income

Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover		2,516,833	2,656,007
Cost of sales		2,365	80,342
Gross profit		2,514,468	2,575,665
Administrative expenses		2,653,257	3,217,948
Operating loss	4	(138,789)	(642,283)
Other interest receivable and similar income		271	–
Interest payable and similar expenses	8	3,546	6,261
Loss before taxation		(142,064)	(648,544)
Tax on loss	9	(114,963)	72,486
Loss for the financial year and total comprehensive income		(27,101)	(721,030)

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The Mortgage Trading Exchange Limited

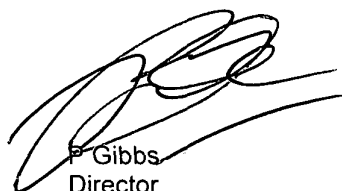
Statement of Financial Position

31 March 2017

	Note	2017 £	£	2016 £
Current assets				
Debtors	10	581,151		209,971
Cash at bank and in hand		797		122
		<u>581,948</u>		<u>210,093</u>
Creditors: amounts falling due within one year	11	<u>1,037,920</u>		<u>1,512,920</u>
Net current liabilities			455,972	1,302,827
Total assets less current liabilities			(455,972)	(1,302,827)
Net liabilities			(455,972)	(1,302,827)
Capital and reserves				
Called up share capital			2	2
Profit and loss account			(455,974)	(1,302,829)
Members deficit			(455,972)	(1,302,827)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 26/10/17, and are signed on behalf of the board by:



P. Gibbs
Director

Company registration number: 03340621

The Mortgage Trading Exchange Limited

Statement of Changes in Equity

Year ended 31 March 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 April 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)
Loss for the year		(27,101)	(27,101)
Total comprehensive income for the year	—	(27,101)	(27,101)
Capital contribution from ultimate parent company (allocation of group cash settled share based payment expense)	—	873,956	873,956
Total investments by and distributions to owners	—	873,956	873,956
At 31 March 2017	<u>2</u>	<u>(455,974)</u>	<u>(455,972)</u>

The Mortgage Trading Exchange Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 6 The Courtyard, Buntsford Gate, Buntsford Drive, Bromsgrove, Worcestershire, B60 3DJ.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. 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.

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.

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Income tax *(continued)*

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.

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.

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.

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.

4. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Cash-settled share-based payments expense	<u>873,956</u>	<u>257,222</u>

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

5. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>2,530</u>	<u>2,450</u>

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Administrative staff	96	94
Management staff	<u>4</u>	<u>3</u>
	<u>100</u>	<u>97</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	2,051,429	2,417,033
Social security costs	133,424	240,220
Other pension costs	<u>125,556</u>	<u>173,729</u>
	<u>2,310,409</u>	<u>2,830,982</u>

The staff numbers and costs disclosed above all have contracts of employment with another group company, Mortgage Brain Limited. There are no staff with contracts of employment with this company.

The costs and average numbers are disclosed in this company since a proportion of their time is spent working for this company.

7. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	116,116	243,385
Company contributions to defined contribution pension plans	<u>22,212</u>	<u>65,530</u>
	<u>138,328</u>	<u>308,915</u>

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

	2017	2016
	No.	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:

	2017	2016
	No.	No.
Directors who exercised share options	<u>—</u>	<u>3</u>

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

7. Directors' remuneration *(continued)*

Remuneration of the highest paid director in respect of qualifying services:

	2017 £	2016 £
Aggregate remuneration	41,480	94,570
Company contributions to defined contribution pension plans	2,062	17,499
	<u>43,542</u>	<u>112,069</u>

8. Interest payable and similar expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	<u>3,546</u>	<u>6,261</u>

9. Tax on loss

Major components of tax (income)/expense

	2017 £	2016 £
Deferred tax:		
Origination and reversal of timing differences	(116,870)	72,486
Impact of change in tax rate	1,907	–
Total deferred tax	<u>(114,963)</u>	<u>72,486</u>
Tax on loss	<u>(114,963)</u>	<u>72,486</u>

Reductions to the UK Corporation tax rate were substantively enacted as part of the Finance Bill 2014 on 2 July 2014. This reduces the main rate to 19% from 1 April 2017. The deferred tax asset reflect this rate.

Reconciliation of tax (income)/expense

The tax assessed on the loss on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Loss on ordinary activities before taxation	<u>(142,064)</u>	<u>(648,544)</u>
Loss on ordinary activities by rate of tax	(28,413)	(129,709)
Effect of expenses not deductible for tax purposes	13,396	5,856
Utilisation of tax losses	(118,891)	–
Unused tax losses	–	138,888
Effect of change in UK tax rates	12,422	–
Group relief surrendered/(claimed)	–	57,451
Enhanced R&D deduction	(40,883)	–
Tax relief on payment of cash settled share based payments	47,406	–
Tax on loss	<u>(114,963)</u>	<u>72,486</u>

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

10. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	428,291	121,648
Deferred tax asset	152,668	37,705
Prepayments and accrued income	–	9,350
Corporation tax repayable	–	41,076
Other debtors	192	192
	<u>581,151</u>	<u>209,971</u>

11. Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	7,411	7,911
Accruals and deferred income	1,030,505	1,504,910
Social security and other taxes	4	99
	<u>1,037,920</u>	<u>1,512,920</u>

12. Deferred tax

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

	2017 £	2016 £
Included in debtors (note 10)	<u>152,668</u>	<u>37,705</u>

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

	2017 £	2016 £
Share-based payments	<u>(152,668)</u>	<u>(37,705)</u>

The company has recognised a deferred tax asset in respect of the options charge, which will crystallise when the options are exercised. The deferred tax asset is expected to reverse in full during the following year.

The company has an unrecognised deferred tax asset of £65,624 (2016 - £187,970) 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.

The Mortgage Trading Exchange Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

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 £873,956 (2016: £257,222) was recognised, with a corresponding credit recognised as a capital contribution directly in equity.

The total expense recognised in profit or loss for the year is as follows:

	2017	2016
	£	£
Cash-settled share-based payments	<u>873,956</u>	<u>257,222</u>

14. Contingencies

The company cross guarantees the debts of fellow group companies. External finance totalling £514,156 was held by the group at 31 March 2017 (2016 - £716,494).

15. Related party transactions

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

16. Controlling party

The immediate parent company is Mortgage Brain Limited, a company incorporated in England and Wales.

The ultimate parent company is Mortgage Brain Holdings Limited a company registered in England and Wales under number 3887371. Mortgage Brain Holdings Limited is not controlled by any other party.

Mortgage Brain Holdings Limited is largest and smallest company to prepare group accounts in which the results of the company are included. Its registered office is 6 The Courtyard, Buntsford Gate, Buntsford Drive, Bromsgrove, Worcestershire, B60 3DJ. Consolidated accounts are publicly available from Companies House, Crown Way, Cardiff.

The Mortgage Trading Exchange Limited
Management Information
Year ended 31 March 2017

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

The Mortgage Trading Exchange Limited

Detailed Income Statement

Year ended 31 March 2017

	2017 £	2016 £
Turnover	2,516,833	2,656,007
Cost of sales		
Purchases	649	35,780
Direct costs	<u>1,716</u>	<u>44,562</u>
	2,365	80,342
Gross profit	2,514,468	2,575,665
Overheads		
Administrative expenses	2,653,257	3,217,948
Operating loss	(138,789)	(642,283)
Other interest receivable and similar income	271	—
Interest payable and similar expenses	3,546	6,261
Loss before taxation	(142,064)	(648,544)

The Mortgage Trading Exchange Limited

Notes to the Detailed Income Statement

Year ended 31 March 2017

	2017 £	2016 £
Administrative expenses		
Directors salaries	113,744	245,419
Directors pension contributions	22,574	65,530
Wages and salaries	1,057,969	1,878,040
Other staff costs	5,760	36,352
Cash-settled share-based payments	873,956	257,222
Employers national insurance contributions	133,424	240,220
Staff pension contributions	102,982	108,199
Rent	22,648	27,797
Rates and water	14,571	13,776
Light and heat	1,821	12,640
Insurance	6,190	8,052
Repairs and maintenance	12,563	15,207
Motor expenses	24,371	52,030
Travel and subsistence	27,065	53,589
Hire costs (non-operating leases)	4,351	7,920
Telephone	55,174	48,484
Printing postage and stationery	3,776	8,221
Staff training	918	1,358
Sundry expenses	42	194
Subscriptions	—	3
Marketing expenses	71,220	72,931
Subscriptions	(458)	5,038
Entertaining	5,947	8,935
Management charges payable	20,676	22,975
Legal and professional fees (allowable)	65,105	23,908
Auditors remuneration	5,687	2,450
Bank charges	1,181	1,458
	<u>2,653,257</u>	<u>3,217,948</u>
Other interest receivable and similar income		
Interest on cash and cash equivalents	<u>271</u>	<u>—</u>
Interest payable and similar expenses		
Interest on banks loans and overdrafts	<u>3,546</u>	<u>6,261</u>