

COMPANY REGISTRATION NUMBER: 03340621

**The Mortgage Trading Exchange Limited**  
**Financial Statements**  
**31 March 2021**



**COVENEY NICHOLLS PARTNERSHIP LLP**

Chartered Accountants & 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 2021**

<b>Contents</b>	<b>Page</b>
Directors' report	<b>1</b>
Independent auditor's report to the members	<b>3</b>
Statement of comprehensive income	<b>7</b>
Statement of financial position	<b>8</b>
Statement of changes in equity	<b>9</b>
Notes to the financial statements	<b>10</b>

# **The Mortgage Trading Exchange Limited**

## **Directors' Report**

**Year ended 31 March 2021**

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

### **Directors**

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

M Lofthouse  
C P Calder  
J G Gibbons  
I G Andrew  
T S Birha

### **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.

### **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.

# **The Mortgage Trading Exchange Limited**

## **Directors' Report** *(continued)*

**Year ended 31 March 2021**

This report was approved by the board of directors on ~~..22..Dec.2021....~~ and signed on behalf of the board by:



Mr T Birha  
Director

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 2021**

#### **Opinion**

We have audited the financial statements of The Mortgage Trading Exchange Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **The Mortgage Trading Exchange Limited**

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

**Year ended 31 March 2021**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# The Mortgage Trading Exchange Limited

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

Year ended 31 March 2021

### Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *Capability of the audit in detecting irregularities, including fraud:*

Based on our understanding of the company and the legal and regulatory frameworks in which it operates, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect in the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty. These included the company's operating licence, regulatory requirements and environmental regulations.

We communicated identified law and regulation throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentive and opportunities for fraudulent manipulation of the Financial Statements, including the risk of override of control(s), and determined that the principal risks were related to posting inappropriate journal entries, accelerated revenue recognition and management bias in accounting estimates.

#### *Audit procedures performed by the engagement team included:*

- Discussions with management, and obtaining written representations, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Tests of detail on revenue recognition and occurrence, particularly around the year end;
- Challenging assumptions and judgements made by management in their significant accounting

## **The Mortgage Trading Exchange Limited**

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

#### **Year ended 31 March 2021**

estimates, in particular in relation to calculation of inventory provisions;

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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.

  
Mr J N Kelly (Senior Statutory Auditor) 22-12-2021

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



# The Mortgage Trading Exchange Limited

## Statement of Comprehensive Income

Year ended 31 March 2021

	Note	2021 £	2020 £
<b>Turnover</b>		<b>547,740</b>	956,908
<b>Gross profit</b>		<b>547,740</b>	956,908
Administrative expenses		<b>460,540</b>	993,274
<b>Operating profit/(loss)</b>		<b>87,200</b>	(36,366)
Interest payable and similar expenses		<b>7,746</b>	3,376
<b>Profit/(loss) before taxation</b>		<b>79,454</b>	(39,742)
Tax on profit/(loss)		<b>37,774</b>	43,551
<b>Profit/(loss) for the financial year and total comprehensive income</b>		<b>41,680</b>	(83,293)

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 2021

	Note	2021 £	2020 £
<b>Current assets</b>			
Debtors	6	37,738	38,252
Cash at bank and in hand		718	851
		<u>38,456</u>	<u>39,103</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>1,009,739</u>	<u>1,052,066</u>
<b>Net current liabilities</b>		<u>971,283</u>	<u>1,012,963</u>
<b>Total assets less current liabilities</b>		<u>(971,283)</u>	<u>(1,012,963)</u>
<b>Net liabilities</b>		<u>(971,283)</u>	<u>(1,012,963)</u>
<b>Capital and reserves</b>			
Called up share capital		2	2
Profit and loss account		<u>(971,285)</u>	<u>(1,012,965)</u>
<b>Shareholders deficit</b>		<u>(971,283)</u>	<u>(1,012,963)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of 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 22 Dec. 2021, and are signed on behalf of the board by:



T S Birha  
Director

Company registration number: 03340621

# The Mortgage Trading Exchange Limited

## Statement of Changes in Equity

Year ended 31 March 2021

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 April 2019</b>	2	(1,037,595)	(1,037,593)
Loss for the year	—	(83,293)	(83,293)
<b>Total comprehensive income for the year</b>	—	(83,293)	(83,293)
Capital contribution from ultimate parent company (allocation of group cash settled share based payment expense)	—	107,923	107,923
<b>Total investments by and distributions to owners</b>	—	107,923	107,923
<b>At 31 March 2020</b>	2	(1,012,965)	(1,012,963)
Profit for the year	—	41,680	41,680
<b>Total comprehensive income for the year</b>	—	41,680	41,680
<b>At 31 March 2021</b>	<u>2</u>	<u>(971,285)</u>	<u>(971,283)</u>

The notes on pages 10 to 14 form part of these financial statements.

# The Mortgage Trading Exchange Limited

## Notes to the Financial Statements

Year ended 31 March 2021

### 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 Section 1A of FRS 102, '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.

#### Going concern

Given the net liability position, the company is reliant on continuing support from its ultimate parent company, Mortgage Brain Holdings Limited, to meet its liabilities as they fall due.

While this support is not contractual, given the strong balance sheet position of the group and the importance of the company's services to the groups wider operations the directors anticipate this support will continue to allow the company to continue meeting its liabilities as they fall due for a period of at least 12 months.

#### 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.

#### 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 2021

### 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. Auditor's remuneration

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>2,395</u>	<u>2,325</u>

# The Mortgage Trading Exchange Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

### 5. Staff costs

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

	2021 No.	2020 No.
Administrative staff	109	108
Management staff	6	6
	<u>115</u>	<u>114</u>

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

	2021 £	2020 £
Wages and salaries	360,306	719,942
Social security costs	36,238	68,303
Other pension costs	32,914	57,423
	<u>429,458</u>	<u>845,668</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.

### 6. Debtors

	2021 £	2020 £
Deferred tax asset	–	37,774
Other debtors	37,738	478
	<u>37,738</u>	<u>38,252</u>

### 7. Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	888,646	628,748
Accruals and deferred income	120,630	422,855
Corporation tax	271	271
Social security and other taxes	192	192
	<u>1,009,739</u>	<u>1,052,066</u>

# The Mortgage Trading Exchange Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2021

### 8. Deferred tax

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

	2021	2020
	£	£
Included in debtors (note 6)	–	37,774

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

	2021	2020
	£	£
Share-based payments	–	(37,774)

#### *Unrecognised deferred tax*

The company has an unrecognised deferred tax asset of £77,670 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.

### 9. 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.

### 10. Contingencies

The company cross guarantees the debts of fellow group companies. External finance totalling £1,014,530 was held by the group at 31 March 2021 (2020 - £1,174,165).

### 11. Related party transactions

The company is a wholly owned subsidiary of Mortgage Brain Limited, and ultimately controlled by Mortgage Brain Holdings Limited.

The company has taken advantage of the exemption offered by FRS 102 from disclosing transactions with other wholly owned subsidiaries of Mortgage Brain Holdings Limited.

# **The Mortgage Trading Exchange Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 March 2021**

### **12. 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.