

Company registration no: 04705100

MORTGAGE NEXT NETWORK LIMITED

Report and Financial Statements

For the 15 months to 31 July 2010



MORTGAGE NEXT NETWORK LIMITED

REPORT AND FINANCIAL STATEMENTS 2010
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MORTGAGE NEXT NETWORK LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Mrs S A Laker
Mr A J Machin
Mr C D F Mills

SECRETARY

Mr C D F Mills

REGISTERED OFFICE

Roddis House
12 Old Christchurch Road
Bournemouth
BH1 1LG

BANKERS

The Royal Bank of Scotland plc
London City Office
62-63 Threadneedle Street
London
EC2R 8LA

LEGAL REPRESENTATIVES

Steele Raymond LLP
Richmond Point
43 Richmond Hill
Bournemouth
BH2 6LR

AUDITOR

Deloitte LLP
Bristol, United Kingdom

MORTGAGE NEXT NETWORK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 15 months ended 31 July 2010

During the year, the company's accounting reference date was extended from 30 April 2010 to 31 July 2010

ACTIVITY

The company's principal activity is the arrangement of mortgage and insurance business. There have been no significant changes in that activity during the period and the directors are not aware of any likely major changes in the forthcoming year.

The company has a network of appointed representatives and is regulated by the FSA.

RESULTS FOR THE YEAR

The company reports a pre-tax loss of £241,917 for the 15 months ended 31 July 2010 (12 months ended 30 April 2009 pre-tax loss of £354,553). The company's net liabilities increased during the period, from £1,102,585 to £1,280,278. No dividend was paid during the period (2009 nil).

GOING CONCERN

In light of the current economic environment, the directors have reviewed in detail the key risks and uncertainties to which they believe the company is exposed, the company's ongoing financial commitments and the availability of sufficient group resources for the next 12 months specifically but also further into the future. As disclosed in note 1, the company's intermediate parent, Mortgage Intelligence Holdings Limited, will make available such funds as are needed by the company for at least 12 months from the date of approval of these financial statements, and accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. The directors who served during the period were:

Mrs S A Laker
Mr A J Machin
Mr C D F Mills

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 July 2010 were equivalent to 20 (2009 21) days' purchases, based on the average daily amount invoiced by suppliers during the year.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the period the company made charitable donations of £100 (2009 nil), principally to local charities serving the communities in which the company operates.

No political donations were made during the period (2009 nil).

MORTGAGE NEXT NETWORK LIMITED

DIRECTORS' REPORT

AUDITORS

In the case of each of the company's directors at the date of approval of this report

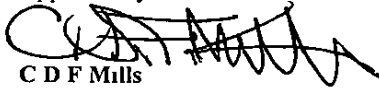
- all the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information (as defined in the Companies Act 2006) and to establish that the company's auditors are aware of that information, and
- so far as each of the directors is aware, there is no such relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be re-appointed as auditors in the absence of an Annual General Meeting

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

Approved by the Board of Directors and signed on behalf of the Board by



C D F Mills
Director
29 March 2011

Roddis House
12 Old Christchurch Road
Bournemouth
BH1 1LG

MORTGAGE NEXT NETWORK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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, namely 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- 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 proper accounting records that 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

MORTGAGE NEXT NETWORK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORTGAGE NEXT NETWORK LIMITED

We have audited the financial statements of Mortgage Next Network Limited for the 15 months ended 31 July 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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).

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 Statement of Directors' Responsibilities, 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 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 the directors, and the overall presentation of the financial statements.

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 July 2010 and of its loss for the 15 month period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

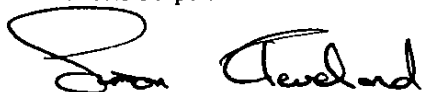
Opinion on other matter prescribed by the Companies Act 2006

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

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 take advantage of the small companies exemption in preparing the directors report.



Simon Cleveland (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Bristol, United Kingdom

29 March 2011

MORTGAGE NEXT NETWORK LIMITED

PROFIT AND LOSS ACCOUNT For the 15 months ended 31 July 2010

		15 months ending 31 July 2010 £	12 months ending 30 April 2009 restated £
	Note		
TURNOVER: continuing operations	1	1,267,188	1,312,385
Administrative expenses		(1,516,926)	(1,670,055)
OPERATING LOSS continuing operations		(249,738)	(357,670)
Interest receivable and similar income	4	7,821	3,117
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(241,917)	(354,553)
Tax on loss on ordinary activities	5	64,224	(4,226)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(177,693)	(358,779)

There are no recognised gains and losses for the current financial period or preceding financial year other than as stated above. Accordingly no statement of total recognised gains and losses is presented.

The reasons for the restatement of turnover for the 12 months ending 30 April 2009 are given in note 1.

The notes on page 9 to 13 form an integral part of these financial statements.

MORTGAGE NEXT NETWORK LIMITED

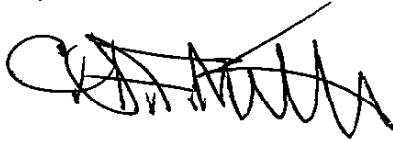
BALANCE SHEET As at 31 July 2010

	Note	31 July 2010 £	30 April 2009 £
FIXED ASSETS			
Tangible assets	7	<u>27,641</u>	<u>40,181</u>
CURRENT ASSETS			
Debtors due within one year	8	1,119,242	543,163
Cash at bank and in hand		<u>40,526</u>	<u>16,972</u>
		1,159,768	560,135
CREDITORS: amounts falling due within one year	9	<u>(967,687)</u>	<u>(202,901)</u>
NET CURRENT ASSETS		<u>192,081</u>	<u>357,234</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		219,722	397,415
CREDITORS: amounts falling due after more than one year	10	<u>(1,500,000)</u>	<u>(1,500,000)</u>
NET LIABILITIES		<u>(1,280,278)</u>	<u>(1,102,585)</u>
CAPITAL AND RESERVES			
Called up share capital	12	10,000	10,000
Profit and loss account deficit	13	<u>(1,290,278)</u>	<u>(1,112,585)</u>
TOTAL SHAREHOLDERS' DEFICIT	14	<u>(1,280,278)</u>	<u>(1,102,585)</u>

The notes on pages 9 to 13 form an integral part of these financial statements

The financial statements of Mortgage Next Network Limited, registered number 04705100, were approved and issued by the board of directors on 29 March 2011

Signed on behalf of the Board of Directors by



C D F Mills
Director

MORTGAGE NEXT NETWORK LIMITED

Notes to the financial statements for the 15 months ended 31 July 2010

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been consistently applied in the current and preceding financial periods.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £1.3m and a net loss of £0.2m in the 15 months ended 31 July 2010. The directors believe this to be appropriate as the company is dependent for its projected working capital on funds provided to it by its intermediate parent, Mortgage Intelligence Holdings Limited, which has indicated that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so for at least 12 months from the date of approval of these financial statements.

Turnover

All turnover arises in the UK.

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers. The company receives gross procurement fees from lenders and product providers, and recognises such a fee as turnover when it has been reconciled and allocated to a broker. In the directors' view, this is the first point at which the company can make a reliable estimate of net income.

The company also charges broker firms and advisers fees for network membership services provided. It recognises this income evenly over the period of network membership.

In the prior year the accounting policy was to account for turnover gross of fees on the basis that the company was acting as principal. The accounting policy has been changed to account for the turnover net on the basis that the company is acting as agent in order to better reflect the nature of the company's business and to be consistent with other group companies. The comparatives have therefore been restated to aid comparability. The turnover for the 12 months ended 30 April 2009 has been restated from £6,195,973 to £1,312,385 (i.e. net of the previously disclosed cost of sales of £4,883,588). There was no effect on the operating loss or net liabilities.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives. The following rates are used:

Long leasehold property	2.5%
Leasehold improvements	10%
Office equipment and furniture	20% - 33%

Taxation

Current UK corporation tax is provided at amounts expected to be paid, or recovered, using the tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Timing differences arise from including items of income and expenditure in tax computations in periods different from their inclusion in financial statements.

MORTGAGE NEXT NETWORK LIMITED

Notes to the financial statements for the 15 months ended 31 July 2010

1 ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred taxation is provided, in full and undiscounted, on those timing differences that, at the balance sheet date, result in a future obligation to pay more, or a right to pay less, tax, at rates expected to apply when they crystallise, based on current tax rates and law. Deferred tax assets are only recognised to the extent that they are considered recoverable in future periods.

Pension and other post retirement benefits

The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the profit and loss account in that year.

Cash flow statement

The company is taking advantage of the exemption under FRS 1 not to prepare a cash flow statement.

2. SEGMENTAL INFORMATION

The company operates solely in the UK and all turnover relates to the company's single class of business, that of the arrangement of mortgages and insurance services.

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	15 months ended 31 July 2010 £	12 months ended 30 April 2009 £
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of owned assets	12,540	15,894
Fees payable to the Company's auditors for the audit of the Company's annual accounts	15,147	10,380
Gain on sale of fixed assets	-	(7,503)

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no staff costs for the 15 months ended 31 July 2010 (12 months ended 2009 nil). All staff costs were borne by Mortgage Intelligence Limited, and comprise part of the management charge for the year.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	15 months ended 31 July 2010 £	12 months ended 30 April 2009 £
Bank interest	7,821	3,117

MORTGAGE NEXT NETWORK LIMITED

Notes to the financial statements for the 15 months ended 31 July 2010

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	15 months ended 31 July 2010 £	12 months ended 30 April 2009 £
Current tax:		
United Kingdom corporation tax	-	4,226
Deferred tax		
Current year timing differences, origination and reversal	(64,224)	-
Total tax credit/(charge) for the period/year	<u>(64,224)</u>	<u>4,226</u>

Factors affecting tax credit for the year:

The tax assessed for the year is 0% (2009 1%) taxed at the standard rate of corporation tax in the UK of 28% (2009 28%) as explained below

	15 months ended 31 July 2010 %	12 months ended 30 April 2009 %
Standard tax rate for the period/year as a percentage of losses	28	28
Effects of:		
Group relief	-	(25)
Increase in unutilised losses	(27)	(1)
Other timing differences	(1)	(1)
Current tax rate for the period/year as a percentage of losses	<u>-</u>	<u>1</u>

7 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Total £
Cost		
At 1 May 2009 and at 31 July 2010	<u>78,501</u>	<u>78,501</u>
Accumulated depreciation		
At 1 May 2009	38,320	38,320
Charge for the period	<u>12,540</u>	<u>12,540</u>
At 31 July 2010	<u>50,860</u>	<u>50,860</u>
Net book value		
At 31 July 2010	<u>27,641</u>	<u>27,641</u>
At 30 April 2009	<u>40,181</u>	<u>40,181</u>

MORTGAGE NEXT NETWORK LIMITED

Notes to the financial statements for the 15 months ended 31 July 2010

8 DEBTORS

	31 July 2010 £	30 April 2009 £
Trade debtors	505,202	92,642
Amounts owed by group undertakings	511,621	409,177
Other debtors	20,904	36,693
Deferred tax asset (note 5)	64,224	-
Prepayments and accrued income	17,291	4,651
	<u>1,119,242</u>	<u>543,163</u>

All amounts are due within one year with the exception of the deferred tax asset, which will be recovered over the course of several years as the company generates profit, and intercompany debtors, which will be recovered over the course of several years as a result of contractual agreement

9 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2010 £	30 April 2009 £
Trade creditors	790,448	122,324
Other creditors	122,950	4,275
Accruals and deferred income	54,289	76,302
	<u>967,687</u>	<u>202,901</u>

10 CREDITORS. AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 July 2010 £	30 April 2009 £
Amounts owed to group undertakings	<u>1,500,000</u>	<u>1,500,000</u>

11 DEFERRED TAX

	31 July 2010 £	30 April 2009 £
The balance comprises		
Losses for the year (see note 6)	<u>64,224</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of timing differences related to

	£
Trade losses	264,751
Capital allowances in excess of depreciation	13,770

MORTGAGE NEXT NETWORK LIMITED

Notes to the financial statements for the 15 months ended 31 July 2010

12 CALLED UP SHARE CAPITAL

	31 July 2010 £	30 April 2009 £
Authorised		
50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up & fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

13 RESERVES

	Profit and loss account £
At 1 May 2009	(1 112,585)
Retained loss for the year	(177,693)
At 31 July 2010	(1,290,278)

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT AND RESERVES

	31 July 2010 £	30 April 2009 £
Loss for the financial period/year	(177,693)	(358,779)
Net decrease in shareholders' deficit	(177,693)	(358,779)
Opening shareholders' deficit	(1,102,585)	(743,806)
Closing shareholders' deficit	(1,280,278)	(1,102,585)

15 ULTIMATE PARENT COMPANY

The company's ultimate parent company and controlling party is JZ International LLC, which is incorporated and registered in the USA. The company's immediate parent undertaking is Mortgage Next Limited, which is incorporated and registered in England. Mortgage Next Limited is exempt, under section 399 of the Companies Act 2006, from the obligation to prepare group accounts, its financial statements can be obtained from Roddis House, 12 Old Christchurch Road, Bournemouth BH1 1LG.

The smallest group in which the company's results are consolidated is that headed by Mortgage Intelligence Holdings Limited, which is incorporated and registered in England. The largest group in which the company's results are consolidated is that headed by JZI Finance 1 Limited, which is incorporated and registered in England.

MORTGAGE NEXT NETWORK LIMITED

Notes to the financial statements for the 15 months ended 31 July 2010

16 TRANSACTIONS WITH RELATED PARTIES

Mortgage Next Network Limited is taking advantage of an exemption conferred by FRS 8 which provides exemption for disclosure of transactions between two or more members of a group, provided that all subsidiaries which are party to the transaction are wholly owned by the group