MORTGAGES BY PHONE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2009

(Registered Number 05969141)

MORTGAGES BY PHONE LIMITED

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The company was incorporated on 17 October 2006 and started to trade from 1 February 2008 The company has closed to new business with effect from 31 December 2009

The company operated principally as an agent for mortgages and insurance related products, and as stated above closed to new business with effect from 31 December 2009

Mortgages By Phone Limited is a private limited company registered in England and Wales, registered number 05969141

BUSINESS REVIEW

The company continued to trade during 2009, in a difficult and unstable market As a result of the particular adverse conditions in the remortgage market, in early December 2009 the company stopped taking new business and concentrated on managing its pipeline for the remainder of the year The company's pipeline is now managed via another group company, and all the staff left the business during December

The financial results and income statement are set out on page 6

DIVIDENDS

No interim dividend was declared during the year (2008 nil) The directors do not propose the payment of a final dividend (2008 nil)

DIRECTORS

The directors who served during the period were

RS Shipperley
AS Gill
DC Livesey
C Haresnape

CREDITOR PAYMENT POLICY

The company's policy concerning the payment of suppliers is to agree terms of payment in advance and to make the payment in accordance with those agreed terms and any other legal obligations

At 31 December 2009 creditor days were nil (2008 nil)

CHARITABLE AND POLITICAL DONATIONS

During the year the company made no donations to charities (2008 nil) No contributions were made for political purposes (2008 nil)

EMPLOYEES

It is company policy to provide employees with information concerning their roles and responsibilities and the trading performance of the company This policy is to ensure opportunities are available at every level to improve employees' and corporate performance Regular meetings are held which involve directors, managers and staff

DISABLED PERSONS

The company continues to recognise its social and statutory duty to employ disabled persons and will do all that is practicable to meet this responsibility

Full consideration will be given to the recruitment of disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job

If an employee becomes disabled he or she will continue wherever possible to be employed in the same job If this action is not practicable or possible, then every effort will be made to find a suitable alternative employment

MORTGAGES BY PHONE LIMITED

Directors' Report (continued)

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

AS Gill
Director

31 March 2010

Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN

MORTGAGES BY PHONE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MORTGAGES BY PHONE LIMITED

We have audited the financial statements of Mortgages By Phone Limited for the year ended 31 December 2009 set out on pages 6 to 16 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

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 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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

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

P D Selvey.

P D Selvey (Senior Statutory Auditor) for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
Registered Auditor
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

15 April 2010

MORTGAGES BY PHONE LIMITED

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year Ended 31 December 2009 £000	Year ended 31 December 2008 £000
Revenue	1	333	487
Other operating income	3	3	55
Administrative expenses		(795)	(909)
Loss from operations		**(459)**	**(367)**
Financial income		-	-
Loss before tax		**(459)**	**(367)**
Tax credit	5	127	104
Loss for the period		**(332)**	**(263)**
Attributable to			
Equity holders of the parent		(332)	(263)
		(332)	(263)

The company was incorporated on 17 October 2006 and started to trade on 1 February 2008 The company is closed to new business with effect from 31 December 2009, therefore all the results stated above related to discontinued operations

There were no recognised income and expense items in the current period other than those reflected above

The income statement is prepared on an unmodified historical cost basis

The notes on pages 9 to 16 form part of these financial statements

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2009	400	(685)	(285)
Loss for the year	-	(332)	(332)
Balance at 31 December 2009	**400**	**(1,017)**	**(617)**
Balance at 1 January 2008	-	(422)	(22)
Loss for the year	-	(263)	(263)
Balance at 31 December 2008	400	(685)	(285)

MORTGAGES BY PHONE LIMITED

Statement of Financial Position

AS AT 31 DECEMBER 2009

	Notes	2009 £000	31 December 2009 £000	2008 £000	31 December 2008 £'000
Current assets					
Trade and other receivables	6	20		11	
Tax receivable		113		62	
Cash and cash equivalents		54		32	
Total current assets			187		105
Non-current assets					
Intangible assets	7	-		3	
Property, plant and equipment	8	11		100	
Deferred tax asset	10	-		6	
Total non-current assets			11		109
Total assets			**198**		**214**
Current liabilities					
Trade and other payables	9	809		499	
Tax payable		-		-	
Total current liabilities			809		499
Non-current liabilities					
Deferred tax liability	10	6		-	
Total non-current liabilities			6		-
Total liabilities			815		499
Equity – attributable to equity holders of the parent					
Share capital	11	400		400	
Reserves					
Retained earnings		(1,017)		(685)	
			(617)		(285)
Total equity and liabilities			**198**		**214**

These accounts were approved by the board of directors on 31 March 2010 and signed on its behalf by

AS Gill
Director

Company registration number 05969141

The notes on pages 9 to 16 form part of these accounts

MORTGAGES BY PHONE LIMITED

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Cash flows from operating activities			
Loss for the period		(332)	(263)
Adjustments for			
Depreciation charges	8	24	23
Impairment of tangible fixed assets	8	65	-
Impairment of intangible fixed assets	7	3	
Tax credit		(127)	(104)
Operating loss before changes in working capital and provisions		(367)	(344)
(Increase)/decrease in trade and other receivables		(9)	2
Increase in trade payables and other payables		310	103
Cash outflow from operations		(66)	(239)
Income taxes received		88	217
Net cash inflow/(outflow) from operating activities		**22**	**(22)**
Cash flows from investing activities			
Interest received		-	-
Purchases of intangible assets		-	(3)
Purchases of property, plant and equipment	8	-	-
Net cash outflow from investing activities		-	**(3)**
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Government grant received		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		22	(25)
Cash and cash equivalents at beginning of period		32	57
Cash and cash equivalents at 31 December		**54**	**32**

MORTGAGES BY PHONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts

a) Basis of accounting

The Financial Statements are presented in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the EU and effective at 31 December 2009

The Directors have adopted IAS 1, Presentation of Financial Statements (2007), IAS 23, Borrowing Costs (Revised), Amendments to IFRS 7 Improving Disclosures about Financial Instruments, IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction, and IFRS 8, Operating Segments (see note 16)

The Directors have not adopted IFRS 3, Business Combinations (Revised) and IAS 27, Consolidated and Separate Financial Statements (Amended), which although endorsed by the EU, are currently not mandatory There would be no impact on these financial statements on adopting these accounting standards

These accounts have been prepared on the going concern basis, as to prepare them on a break-up basis would not be materially different Confirmation has been received from Connells Limited, that it will provide such support as Mortgages By Phone Limited requires to enable it to meet its liabilities as and when they fall due for a period of not less than one year from the date of approval of these financial statements

Measurement convention

The financial statements are prepared on the historical cost basis

b) Revenue recognition

Revenue, which excludes value added tax, represents total invoiced sales of the company
Interest income is recognised on an accruals basis
Mortgage Services income is recognised when payment is received from the life company or lender A provision for clawback is made as considered appropriate

c) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives on the following bases

Buildings	-	25 years on a straight line basis, 5 years straight line basis for office re-furbishments
Fixtures & Fittings	-	5 years straight line basis
Office equipment	-	3 to 5 years straight line
Motor Vehicles	-	25% reducing balance – on an annual basis

d) Intangible assets

Intangible assets include software development costs and purchased software that in the opinion of the directors meets the definition of an intangible asset Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets Intangible assets are amortised from the day they are available for use The estimated useful lives are as follows

Software and Databases	-	3 to 5 years

e) Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses

f) Trade and other payables

Trade and other payables are stated at their fair value

g) Leases

Costs of operating leases are charged to the Income Statement on a straight-line basis over the lease term

MORTGAGES BY PHONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies (continued)

h) Taxation

Income tax on the profits for the year comprises current tax and deferred tax Income tax is recognised in the Income Statement except where items are recognised directly in equity, in which case the associated income tax asset or liability is recognised via equity

Current tax is the expected tax payable on the income for the year, using tax rates enacted or substantially enacted on the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the balance sheet liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

The treatment of certain items for taxation and accounting purposes, in accordance with IAS 12, Income Taxes

i) Government grants

Government grants are recognised when the company complies with the conditions attaching to them and the grants are received Government grants relating to assets are included in the balance sheet as deferred income and recognised over the useful life of the assets Government grants that relate to expenses are recognised in the income statement as other income

j) Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred

k) Cash and cash equivalents

For the purpose of the cash flow statement, cash comprises cash in hand and loans and advances to credit institutions repayable on demand, and cash and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less

The cash flow statement has been prepared using the indirect method

l) l) Provisions for liabilities and charges

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

2 Expenses and auditors' remuneration

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Included in loss are the following		
Depreciation of property, plant and equipment	24	23
Impairment of fixed assets	65	-
Impairment of intangible assets	3	-
Staff costs (see note 5)	305	566
Rentals payable under operating leases – other	47	47
Auditors' remuneration and expenses		
Audit of these financial statements	5	5
All other services	-	-

3 Other operating income

	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
Grants received	3	55
Other	-	-
	3	55

MORTGAGES BY PHONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 Staff numbers and costs
The average monthly number of persons employed by the company (including directors) during the period was as follows

	Year ended 31 December 2009 Number	Year ended 31 December 2008 Number
Directors	4	4
Other	9	17
	13	21

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	275	512
Social security costs	28	51
Pension costs	2	3
	305	566

Directors' emoluments	**£000**	**£000**
Directors' emoluments	41	89
Compensation for loss of office	-	30
Company contributions to money purchase pension plans	2	2
	43	121

Three of the Directors are remunerated by another group company, and do not receive any remuneration from Mortgages By Phone Limited

5 Tax credit	Year ended 31 December 2009 £000	Year ended 31 December 2008 £000
a) Analysis of tax credit in the year at 28% (2008 28 5%)		
Current tax credit		
Current tax at 28% (2008 28 5%)	(139)	(103)
Adjustment for prior years	-	4
Total current tax credit	(139)	(99)
Deferred tax credit		
Origination and reversal of temporary differences	12	(1)
Adjustment for prior years	-	(4)
Total deferred tax	12	(5)
Income tax credit	(127)	(104)

b) Factors affecting current tax credit in the period

The credit for the year can be reconciled to the loss per the income statement as follows

Loss before tax	(459)	(367)
Tax on loss at UK standard rate of 28% (2008 28 5%)	(129)	(104)
Effects of		
• Origination and reversal of temporary differences		-
• Expenses not deductible for tax purposes	2	1
• Adjustments to tax in respect of prior years		(1)
Income tax credit	(127)	(104)

MORTGAGES BY PHONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 Trade and other receivables

	31 December 2009 £000	31 December 2008 £000
Prepayments and accrued income	20	11
	20	11

7 Intangible assets

	Purchased Software £000	Total £000
Cost		
At 1 January 2009	3	3
Additions	-	-
Disposals	-	-
At 31 December 2009	3	3
Accumulated depreciation and impairment		
At 1 January 2009	-	-
Depreciation charge for the period	-	-
Impairment provision	3	3
Eliminated on disposals	-	-
At 31 December 2009	3	3
Carrying amounts		
At 1 January 2009	3	3
At 31 December 2009	-	-

8 Property, plant and equipment

	Land and Buildings £000	Office Equipment £000	Total £000
Cost			
At 1 January 2009	76	65	141
Additions	-	-	-
Disposals	-	-	-
At 31 December 2009	76	65	141
Accumulated depreciation and impairment			
At 1 January 2009	15	26	41
Depreciation charge for the year	11	13	24
Impairment provision	50	15	65
Eliminated on disposals	-	-	-
At 31 December 2009	76	54	130
Carrying amounts			
At 1 January 2009	61	39	100
At 31 December 2009	-	11	11

MORTGAGES BY PHONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 Property, plant and equipment (continued)

	Land and Buildings £000	Office Equipment £000	Total £000
Cost			
At 1 January 2008	76	65	141
Additions	-	-	-
Disposals	-	-	-
At 31 December 2008	76	65	141
Accumulated depreciation and impairment			
On incorporation	7	11	18
Depreciation charge for the period	8	15	23
Eliminated on disposals	-	-	-
At 31 December 2008	15	26	41
Carrying amounts			
On incorporation	69	54	123
At 31 December 2008	61	39	100

9 Trade and other payables

	31 December 2009 £000	31 December 2008 £000
Other payables	12	20
Amounts owed to parent undertaking	641	451
Accruals and deferred income	156	28
	809	499

10 Deferred tax

The movement on the deferred tax account is as shown below	31 December 2009 £000	31 December 2008 £000
On 1 January 2009	(6)	(1)
Income statement charge	12	(5)
At 31 December	6	(6)

Deferred tax liability/(asset)

	Short term timing differences £000	Accelerated capital allowances £000	Total £000
At 1 January 2009	(5)	(1)	(6)
Charged to income statement	2	10	12
At 31 December 2009	(3)	9	6

Net deferred tax liability/(asset)

At 31 December 2009	6
At 1 January 2009	(6)

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised Deferred tax assets are reviewed at least annually and are reduced to the extent that it is no longer probable that the related tax benefit will be realised

NOTES TO THE FINANCIAL STATEMENTS

11 Share capital

Authorised	31 December 2009 Number	31 December 2008 Number
£1 Ordinary A shares	350,000	350,000
£1 Ordinary B shares	50,000	50,000
	400,000	400,000

Allotted, called up and fully paid	£000	£000
£1 Ordinary A shares	350	350
£1 Ordinary B shares	50	50
	400	400

Each shareholder is entitled to the number of votes as equal to the number of shares held by them save that where the A shares constitute more than 50% of the Company's issued equity share capital they shall have such number of votes as represents at least 75% of the votes capable of being cast on the resolution concerned In all other respects the A and B ordinary shares rank pari passu

The Shareholders agreement includes an annual option entitling the ordinary "B" shareholders to require Connells Limited to purchase their entire shares at a price to be determined by an independent valuation of the company This option can be exercised on or after 1 April 2011

On 26 June 2008, 50,000 Ordinary B shares of £1 each were converted into Ordinary A shares of £1 each

12 Employee benefits

Defined contribution pension scheme

The company operates a stakeholder scheme, which is administered by Legal & General Contributions are charged to the income statement and are included in staff costs One of the company directors' is currently part of the defined contribution pension scheme, the assets of which are held separately from those of the company, as independently administered funds The amount paid by the company for the directors was £2,108 (2008 £2,108) There were no outstanding or prepaid contributions at either the beginning or end of the financial period

13 Related party transactions

During the period to 31 December 2009, the following related party transactions were entered into

	Notes	Amount		Outstanding Balance	
		31 December 2009 £000	31 December 2008 £000	31 December 2009 £000	31 December 2008 £000
Purchase of services					
Connells Residential	(a)/(b)	40	20		
Sequence (UK) Limited	(a)	2	18		
		42	38		
Year-end balances					
Receivables from related parties					
Connells Residential					-
Payables to related parties					
Connells Residential				(641)	(451)
				(641)	(451)

(a) Connells Residential and Sequence (UK) Limited provide referrals to the company
(b) Connells Residential supplies group services support to the company
All transactions are provided under normal trade credit terms

MORTGAGES BY PHONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14 Operatıng lease commıtments

The Company has annual commıtments due under operatıng leases ın respect of rental payable on land and buıldıngs Total commıtments under these non-cancellable operatıng leases are as follows

	31 December 2009 £000	31 December 2008 £000
Amounts fallıng due		
Less than one year	10	87
Between one and five years	-	348
More than five years	-	754
	10	1,189

15 Fınancıal ınstruments

Fınancıal rısks

The prıncıpal financıal rısks to whıch the company ıs exposed are lıquıdıty rısk, market rısk and credıt rısk Each of these ıs consıdered below

Lıquidıty rısk

Lıquıdıty rısk ıs the rısk that the company ıs not able to meet ıts financıal oblıgatıons as they fall due or can do so only at excessıve cost

The company's lıquıdıty polıcy ıs to maıntaın suffıcıent lıquıd resources to cover ımbalances and fluctuatıons ın fundıng, to maıntaın solvency of the company and to enable the company to meet ıts fınancıal oblıgatıons as they fall due Thıs ıs achıeved through maıntaınıng a prudent level of lıquıd assets and through rıgorous management control of the growth of the busıness

Market rısk

Market rısk ıs the rısk that the faır value or future cash flows of a fınancıal ınstrument wıll fluctuate because of changes ın market prıces Market rısk comprıses two types of rısk ınterest rate rısk and currency rısk

Currency rısk

The company ıs not exposed to any currency rısk as all transactıons are denomınated ın Sterlıng

Interest rate risk

The company has no ınterest bearıng lıabılıtıes, other than loans from group undertakıngs

Credıt risk

Credıt rısk ıs the rısk of fınancıal loss to the company ıf a customer faıls to meet ıts contractual oblıgatıons, and arıses prıncıpally from the company's receıvables from customers Based on hıstorıc default rates, the company belıeves that no ımpaırment provısıon ıs necessary ın respect of most trade receıvables not over due or over due by up to 90 days Specıfic ımpaırment provısıons are made for customers who do not have a good payment record wıth the company before 90 days

Capıtal management

The Board's polıcy ıs to maıntaın a strong capıtal base so as to maıntaın ınvestor, credıtor and market confıdence and to sustaın future development of the busıness The Board monıtors the return on capıtal and level of dıvıdends to ordınary shareholders

There were no changes ın the company's approach to capıtal management durıng the year The Company ıs not subject to externally ımposed capıtal requırements

16 Adoption of new and revised International Financial Reporting Standards

Disclosed below are new standards and interpretations, which have been adopted during the period

- IAS 1, Presentation of Financial Statements (2007) This standard replaces the current IAS 1, Presentation of Financial Statements and is effective from 1 January 2009 In summary, IAS 1 sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content This standard has impacted the presentation of the financial statements, however it has not changed the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs

- IAS 23, Borrowing Costs (Revised) This revised standard relates to interest costs on assets that take a substantial time to get ready for intended use or sale The option to recognise all borrowing costs immediately as an expense is eliminated, such costs must be capitalised All other borrowing costs should be expensed as incurred This had no impact on these financial statements in 2009

- Amendment to IFRS 7, Financial Instruments Disclosures The amendments to this standard were endorsed on 1 December 2009 and are effective from 1 January 2009 The amendment requires enhanced disclosures about fair value measurements and liquidity risk This has had no impact on these financial statements in 2009

- IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction This interpretation sets out when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability The adoption of this interpretation had no impact on these financial statements in 2009

- IFRS 8, Operating Segments This new standard was issued on 30 November 2006 and replaces IAS 14, Segment Reporting This standard is not applicable to Mortgages By Phone Limited

17 Ultimate parent undertaking

The company is a 87 5% (2008 87 5%) owned subsidiary of Connells Limited The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom The largest group in which the results are consolidated is that headed by Skipton Building Society The smallest group is that headed by Connells Limited The consolidated accounts of this company are available to the public and can be obtained from

Companies House
Crown Way
Cardiff
CF4 3UZ