

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2013**

THURSDAY



A31      \*A39FHGPM\*      #140  
05/06/2014  
COMPANIES HOUSE

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

S Blunt (resigned 6 January 2014)  
P Brodnicki  
R Palmer (resigned 6 January 2014)  
D Preece  
P Robinson  
P Birch

**COMPANY SECRETARY**

P Robinson

**REGISTERED NUMBER**

4131569

**REGISTERED OFFICE**

Capital House  
Pride Place  
Pride Park  
Derby  
DE24 8QR

**INDEPENDENT AUDITORS**

Smith Cooper Limited  
Chartered Accountants & Statutory Auditors  
St Helen's House  
King Street  
Derby  
DE1 3EE

**BANKERS**

National Westminster Bank  
7 Market Place  
Derby  
DE1 3ZF

# MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

## CONTENTS

	Page
<b>Group strategic report</b>	1
<b>Directors' report</b>	2 - 3
<b>Independent auditors' report</b>	4 - 5
<b>Consolidated profit and loss account</b>	6
<b>Consolidated balance sheet</b>	7
<b>Company balance sheet</b>	8
<b>Consolidated cash flow statement</b>	9
<b>Notes to the financial statements</b>	10 - 23

## **MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

### **GROUP STRATEGIC REPORT**

**for the year ended 31 December 2013**

#### **BUSINESS REVIEW**

The directors are very pleased with the group's performance during 2013

The strong adviser growth in 2012 and 2013, had a big impact on both revenue and our share of the UK mortgage market in the first half of 2013, which was boosted further in the second half of the year by the first real upturn in demand for mortgages since 2007

In March 2012 the company acquired the entire share capital of Talk Limited, which included the main trading subsidiary, Mortgage Talk Limited. Mortgage Talk brought additional revenues into the group, and at the same time duplicated costs were able to be eliminated. The full benefit of this combination was really only felt in 2013.

The outlook for 2014 is very good with the mortgage market continuing to perform strongly, and the group continues to recruit more high calibre advisers.

#### **TURNOVER**

Group turnover for 2013 of £11.9 million rose by 28% from that for 2012.

This is a very pleasing underlying trend outperforming the market as a whole by some margin. The Council of Mortgage Lenders releases data which shows gross mortgage lending of £176.6 billion for 2013, a rise of 16% on the £152.3 billion for 2012. The Directors expect this figure to increase to around £200 billion in 2014, with the market share for mortgage intermediaries also seeing a further increase.

#### **GROUP PROFIT**

The group is once again reporting record pre tax profits. Profit before tax at £5.03 million is more than double that of 2012.

#### **INVESTMENTS**

In December 2013 a 25% stake was taken in Buildstore Limited. This enhances the group's position in the specialist self build and government promoted, custom build initiative that is set to see significant growth.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties are largely external factors and in particular the state of the UK housing and mortgage markets. These markets are in turn responsive to interest rate changes.

#### **FINANCIAL KEY PERFORMANCE INDICATORS**

The key indicators are the growth in revenues and the growth in profit earned on these revenues.

As stated above, Group turnover for 2013 rose by 28% over that for 2012. Operating profit rose by 104% to £4.4 million equivalent to 37% of turnover (2012 29%).

This report was approved by the board on 6 May 2014 and signed on its behalf



**P Robinson**  
Director

## **MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT for the year ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group strategic report, 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 group and of the profit or loss of the group 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is that of a non-trading holding company. The principal activity of its subsidiaries is the provision of financial services.

### **RESULTS**

The profit for the year, after taxation, amounted to £3,934,952 (2012 - £1,988,602)

### **DIRECTORS**

The directors who served during the year were

S Blunt (resigned 6 January 2014)  
P Brodnicki  
R Palmer (resigned 6 January 2014)  
D Preece  
P Robinson  
P Birch

### **FINANCIAL INSTRUMENTS**

The group's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The group has a risk management programme that seeks to limit the adverse effects on the financial performance of the group and to manage liquidity risk by maintaining suitable levels of retained earnings and managing working capital.

## MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

### DIRECTORS' REPORT

for the year ended 31 December 2013

### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information

### AUDITORS

With effect from 1 April 2014 Smith Cooper LLP, the company's auditor, transferred its business to Smith Cooper Limited. The directors consent to treating the appointment of Smith Cooper LLP as extending to Smith Cooper Limited with effect from 1 April 2014.

Under section 487(2) of the Companies Act 2006, Smith Cooper Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 6 May 2014 and signed on its behalf



**P Robinson**  
Director

## **MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

We have audited the financial statements of Mortgage Advice Bureau (Holdings) Limited for the year ended 31 December 2013, set out on pages 6 to 23. 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 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, 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 group's and the parent 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 Group strategic report and 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 group's and the parent company's affairs as at 31 December 2013 and of the group's profit 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

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Group strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Janet Morgan (Senior statutory auditor)  
for and on behalf of  
**Smith Cooper Limited**  
Chartered Accountants  
Statutory Auditors  
St Helen's House  
King Street  
Derby  
DE1 3EE

Date 6 May 2014

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2013**

	Note	2013 £	2012 £
<b>TURNOVER</b>	1,2		
Continuing operations		11,907,003	7,771,771
Acquisitions		-	1,548,351
		<u>11,907,003</u>	<u>9,320,122</u>
Cost of sales		(1,525,202)	(1,929,159)
		<u>10,381,801</u>	<u>7,390,963</u>
<b>GROSS PROFIT</b>			
Administrative expenses		(5,954,872)	(5,076,786)
Exceptional administrative expenses		-	(153,346)
Total administrative expenses		<u>(5,954,872)</u>	<u>(5,230,132)</u>
<b>OPERATING PROFIT</b>	3		
Continuing operations		4,426,929	1,443,691
Acquisitions		-	717,140
		<u>4,426,929</u>	<u>2,160,831</u>
Income from interests in associated undertakings		442,938	234,774
Interest receivable and similar income	7	254,094	19,712
Amounts written off investments		-	(1,200)
Interest payable and similar charges	8	-	(8,732)
		<u>5,123,961</u>	<u>2,405,385</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			
Tax on profit on ordinary activities	9	(1,189,009)	(416,783)
		<u>3,934,952</u>	<u>1,988,602</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	18		

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 10 to 23 form part of these financial statements

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

Registered number 4131569

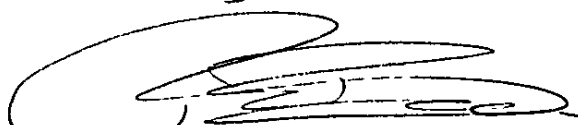
**CONSOLIDATED BALANCE SHEET**

as at 31 December 2013

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	10		<b>3,872,946</b>		4,102,531
Tangible assets	11		<b>176,832</b>		139,021
Investments in associates	12		<b>198,743</b>		50,003
			<u><b>4,248,521</b></u>		<u>4,291,555</u>
<b>CURRENT ASSETS</b>					
Debtors	13	<b>3,698,180</b>		2,957,433	
Cash at bank and in hand		<b>9,388,153</b>		4,743,245	
			<u><b>13,086,333</b></u>		<u>7,700,678</u>
<b>CREDITORS</b> amounts falling due within one year	14	<b>(6,351,373)</b>		(4,296,200)	
				<u></u>	<u></u>
<b>NET CURRENT ASSETS</b>			<u><b>6,734,960</b></u>		<u>3,404,478</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>10,983,481</b></u>		<u>7,696,033</u>
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	15	<b>(18,146)</b>		(3,909)	
Other provisions	16	<b>(588,783)</b>		(609,744)	
			<u><b>(606,929)</b></u>		<u>(613,653)</u>
<b>NET ASSETS</b>			<u><u><b>10,376,552</b></u></u>		<u><u>7,082,380</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		<b>69,960</b>		69,960
Share premium account	18		<b>2,988,891</b>		2,988,891
Capital redemption reserve	18		<b>46</b>		46
Profit and loss account	18		<b>7,317,655</b>		4,023,483
			<u><b>10,376,552</b></u>		<u>7,082,380</u>
<b>SHAREHOLDERS' FUNDS</b>	19		<u><u><b>10,376,552</b></u></u>		<u><u>7,082,380</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

6 May 2014

**P Brodnicki**  
Director**P Robinson**  
Director

The notes on pages 10 to 23 form part of these financial statements

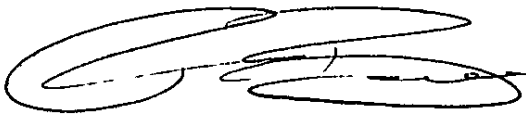
**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**  
Registered number 4131569

**COMPANY BALANCE SHEET**  
as at 31 December 2013

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Investments	12		3,076,733		3,076,733
<b>CREDITORS</b> amounts falling due within one year					
	14		(13,735)		(13,735)
<b>NET ASSETS</b>					
			<u>3,062,998</u>		<u>3,062,998</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		69,960		69,960
Share premium account	18		2,988,891		2,988,891
Capital redemption reserve	18		46		46
Profit and loss account	18		4,101		4,101
<b>SHAREHOLDERS' FUNDS</b>					
	19		<u>3,062,998</u>		<u>3,062,998</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

6 May 2014



**P Brodnicki**  
Director



**P Robinson**  
Director

The notes on pages 10 to 23 form part of these financial statements

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 December 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	21	5,656,962	2,123,744
Dividends from joint ventures and associates		245,367	78,033
Returns on investments and servicing of finance	22	254,094	10,980
Taxation		(709,190)	(656,301)
Capital expenditure and financial investment	22	(112,011)	(110,464)
Acquisitions and disposals	22	(49,534)	162,138
Equity dividends paid		(640,780)	(383,000)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>4,644,908</b>	<b>1,225,130</b>
Financing	22	-	(1,876)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>4,644,908</b>	<b>1,223,254</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
for the year ended 31 December 2013**

	2013 £	2012 £
Increase in cash in the year	4,644,908	1,223,254
Cash outflow from decrease in debt and lease financing	-	2,506
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>4,644,908</b>	<b>1,225,760</b>
New finance lease	-	(2,506)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>4,644,908</b>	<b>1,223,254</b>
Net funds at 1 January 2013	4,743,245	3,519,991
<b>NET FUNDS AT 31 DECEMBER 2013</b>	<b>9,388,153</b>	<b>4,743,245</b>

The notes on pages 10 to 23 form part of these financial statements

## MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

##### 1.2 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Mortgage Advice Bureau (Holdings) Limited and of its trading subsidiary undertakings. Dormant subsidiaries have been excluded from the consolidated accounts on the basis that they are not material.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The group has used merger accounting for its acquisition of Mortgage Advice Bureau Limited in accordance with the accounting principles set out in FRS 6.

The group has used acquisition accounting for its acquisition of the Talk Group in accordance with the accounting principles set out in FRS 6 and 7.

##### 1.3 TURNOVER

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Commissions are credited to the profit and loss account when received, as until received it is not possible to be certain that the transaction will be completed. In the case of life commissions there is a possibility for a period after the inception of the policy that part of the commission earned may have to be repaid if the policy is cancelled during this period. A provision is made for the expected level of commissions repayable.

Other income is credited to the profit and loss account on an accruals basis.

##### 1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	20 Years
----------	---	----------

##### 1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	20% Straight line
Computer equipment	-	33% Straight line

## MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

#### 1. ACCOUNTING POLICIES (continued)

##### 1.6 INVESTMENTS

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment
- (ii) **Associated undertakings**  
Investments in associates are stated at the amount of the company's share of net assets. The profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis
- (iii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment

##### 1.7 OPERATING LEASES

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

##### 1.8 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### 1.9 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

#### 2. TURNOVER

All turnover arose within the United Kingdom

## MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

#### 3 OPERATING PROFIT

The operating profit is stated after charging

	2013 £	2012 £
Amortisation - intangible fixed assets	229,585	196,669
Depreciation of tangible fixed assets		
- owned by the group	74,515	64,753
Operating lease rentals		
- plant and machinery	-	1,200
- other operating leases	143,835	177,777
Exceptional item - write off of goodwill	-	153,346
	<u>                    </u>	<u>                    </u>

#### 4 AUDITORS' REMUNERATION

	2013 £	2012 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	22,800	13,100
	<u>                    </u>	<u>                    </u>

#### 5 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	4,548,439	4,258,637
Social security costs	602,621	441,596
Other pension costs	148,197	137,163
	<u>5,299,257</u>	<u>4,837,396</u>

The average monthly number of employees, including the directors, during the year was as follows

	2013 No.	2012 No
Operations	119	156
	<u>                    </u>	<u>                    </u>

#### 6. DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	1,091,082	345,991
	<u>                    </u>	<u>                    </u>
Company pension contributions to defined contribution pension schemes	62,963	61,667
	<u>                    </u>	<u>                    </u>

During the year retirement benefits were accruing to 2 directors (2012 - 2) in respect of defined contribution pension schemes

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**6 DIRECTORS' REMUNERATION (continued)**

The highest paid director received remuneration of £565,587 (2012 - £163,530)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,400 (2012 - £11,667)

**7 INTEREST RECEIVABLE**

	2013 £	2012 £
Other interest receivable	<u>254,094</u>	<u>19,712</u>

**8 INTEREST PAYABLE**

	2013 £	2012 £
On bank loans and overdrafts	-	4,520
Other interest payable	-	4,212
	<u>-</u>	<u>8,732</u>

**9 TAXATION**

	2013 £	2012 £
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	1,138,516	424,507
Adjustments in respect of prior periods	(62,109)	(42,372)
	<u>1,076,407</u>	<u>382,135</u>
Share of associates' current tax	98,365	33,592
<b>TOTAL CURRENT TAX</b>	<u>1,174,772</u>	<u>415,727</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	12,522	1,056
Effect of increased tax rate on opening liability	1,715	-
<b>TOTAL DEFERRED TAX</b> (see note 15)	<u>14,237</u>	<u>1,056</u>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>1,189,009</u>	<u>416,783</u>

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**9 TAXATION (continued)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%) The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>5,123,961</u>	<u>2,405,385</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	1,191,321	589,319
<b>EFFECTS OF</b>		
Non-tax deductible amortisation of goodwill and impairment	48,717	79,570
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,742	27,955
Capital allowances for year in excess of depreciation	(12,522)	(1,512)
Utilisation of tax losses	(5,377)	(231,496)
Adjustments to tax charge in respect of prior periods	(62,109)	(42,372)
Other differences leading to an increase (decrease) in the tax charge	-	(5,737)
<b>CURRENT TAX CHARGE FOR THE YEAR (see note above)</b>	<u>1,174,772</u>	<u>415,727</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges

**10 INTANGIBLE FIXED ASSETS**

<b>GROUP COST</b>	<b>Goodwill £</b>
At 1 January 2013 and 31 December 2013	<u>4,292,546</u>
<b>AMORTISATION</b>	
At 1 January 2013	190,015
Charge for the year	229,585
At 31 December 2013	<u>419,600</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>3,872,946</u>
At 31 December 2012	<u>4,102,531</u>

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**11. TANGIBLE FIXED ASSETS**

<b>GROUP</b>	<b>Fixtures &amp; fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>COST</b>			
At 1 January 2013	231,807	381,701	613,508
Additions	2,239	110,298	112,537
Disposals	-	(128,118)	(128,118)
	<u>234,046</u>	<u>363,881</u>	<u>597,927</u>
At 31 December 2013			
<b>DEPRECIATION</b>			
At 1 January 2013	196,389	278,098	474,487
Charge for the year	11,447	63,068	74,515
On disposals	-	(127,907)	(127,907)
	<u>207,836</u>	<u>213,259</u>	<u>421,095</u>
At 31 December 2013			
<b>NET BOOK VALUE</b>			
At 31 December 2013	<u>26,210</u>	<u>150,622</u>	<u>176,832</u>
At 31 December 2012	<u>35,418</u>	<u>103,603</u>	<u>139,021</u>

**12. FIXED ASSET INVESTMENTS**

<b>GROUP</b>	<b>Investments in associates £</b>
<b>COST OR VALUATION</b>	
At 1 January 2013	50,003
Additions	50,300
Disposals	(766)
Share of profit/(loss)	99,206
	<u>198,743</u>
At 31 December 2013	
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>198,743</u>
At 31 December 2012	<u>50,003</u>

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**12 FIXED ASSET INVESTMENTS (continued)**

<b>COMPANY</b>	<b>Investments in subsidiary companies £</b>
<b>COST OR VALUATION</b>	
At 1 January 2013 and 31 December 2013	<u>3,076,733</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>3,076,733</u>
At 31 December 2012	<u>3,076,733</u>

Details of the principal subsidiaries and associates can be found under note number 29

**13. DEBTORS**

	<u>GROUP</u>		<u>COMPANY</u>	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	714,609	742,209	-	-
Amounts owed by undertakings in which the company has a participating interest	20,051	93,000	-	-
Other debtors and prepayments	2,963,520	2,122,224	-	-
	<u>3,698,180</u>	<u>2,957,433</u>	<u>-</u>	<u>-</u>

**14 CREDITORS.**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>GROUP</u>		<u>COMPANY</u>	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	4,666,530	3,442,551	-	-
Amounts owed to group undertakings	-	-	13,735	13,735
Amounts owed to joint ventures	-	79	-	-
Corporation tax	545,936	178,719	-	-
Other taxation and social security	348,935	199,802	-	-
Other creditors	97,436	132,109	-	-
Accruals and deferred income	692,536	342,940	-	-
	<u>6,351,373</u>	<u>4,296,200</u>	<u>13,735</u>	<u>13,735</u>

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2013**

**15 DEFERRED TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	<b>3,909</b>	2,853	-	-
Charge for the year (P&L)	<b>14,237</b>	1,056	-	-
At end of year	<b>18,146</b>	3,909	-	-

The provision for deferred taxation is made up as follows

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>18,146</b>	3,909	-	-

**16 PROVISIONS**

<b>GROUP</b>	<b>Commission clawback provisions £</b>
At 1 January 2013	<b>609,744</b>
Additions	<b>(20,961)</b>
At 31 December 2013	<b>588,783</b>

**COMMISSION CLAWBACK PROVISIONS**

The clawback provision is for amounts of commissions which may be repayable under certain circumstances. The timing of any such repayments is uncertain.

The Company has no provisions.

**17. SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
4,000 A Ordinary shares of £1 each	<b>4,000</b>	4,000
40,000 B Ordinary shares of £1 each	<b>40,000</b>	40,000
2,460 C Ordinary shares of £1 each	<b>2,460</b>	2,460
13,500 D Ordinary shares of £1 each	<b>13,500</b>	13,500
10,000 E Ordinary shares of £1 each	<b>10,000</b>	10,000
	<b>69,960</b>	69,960

The holders of the A Ordinary shares are entitled to a dividend in preference to any dividend voted to any other class of share.

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**17 SHARE CAPITAL (continued)**

The A Ordinary shares are redeemable at the option of the company. The A Ordinary shares are entitled to priority of proceeds upon a winding up or return of capital and carry voting rights totalling 5%.

The B Ordinary shares are not entitled to dividends other than at the discretion of the board but not if there are any arrears on the A dividends or if there remain any A shares to be bought back after the 1 January 2019. In the event of a winding up or return of capital the proceeds are payable to the holders of the B shares after any amounts paid to the A and C shareholders. The B shares' voting rights total 52%.

The C Ordinary shares are not entitled to dividends other than at the discretion of the board. The C shares are repayable at par upon a winding up or return of capital and do not carry voting rights.

The D Ordinary shares are not entitled to dividends other than at the discretion of the board but not if there are any arrears on the A dividends or if there remain any A shares to be bought back after the 1 January 2019. The D shares are repayable at par upon a winding up or return of capital. The D shares' voting rights total 30%.

The E Ordinary shares are not entitled to any dividends other than at the discretion of the board but not if there are any arrears on the A dividends or if there remain any A shares to be bought back after the 1 January 2019. In the event of a winding up or return of capital the proceeds are payable to the holders of the E shares after any amounts paid to the A shareholders. The E shares' voting rights total 13%.

**18. RESERVES**

	Share premium account £	Capital redempt'n reserve £	Profit and loss account £
<b>GROUP</b>			
At 1 January 2013	2,988,891	46	4,023,483
Profit for the financial year			3,934,952
Dividends Equity capital			(640,780)
	<u>2,988,891</u>	<u>46</u>	<u>7,317,655</u>
At 31 December 2013			
	<u>2,988,891</u>	<u>46</u>	<u>4,101</u>
<b>COMPANY</b>			
At 1 January 2013	2,988,891	46	4,101
Profit for the financial year			640,780
Dividends Equity capital			(640,780)
	<u>2,988,891</u>	<u>46</u>	<u>4,101</u>
At 31 December 2013			
	<u>2,988,891</u>	<u>46</u>	<u>4,101</u>

## MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

#### 19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
<b>GROUP</b>		
Opening shareholders' funds	7,082,380	2,477,257
Profit for the financial year	3,934,952	1,988,602
Dividends (Note 20)	(640,780)	(383,000)
Shares issued during the year	-	18,130
Bonus issue of shares	-	(7,500)
Share premium on shares issued (net of expenses)	-	2,988,891
	<u>10,376,552</u>	<u>7,082,380</u>

	2013 £	2012 £
<b>COMPANY</b>		
Opening shareholders' funds	3,062,998	63,477
Profit for the financial year	640,780	383,000
Dividends (Note 20)	(640,780)	(383,000)
Shares issued during the year	-	18,130
Bonus issue of shares	-	(7,500)
Share premium on shares issued (net of expenses)	-	2,988,891
	<u>3,062,998</u>	<u>3,062,998</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit for the year dealt with in the accounts of the company was £640,780 (2012 - £383,000)

#### 20 DIVIDENDS

	2013 £	2012 £
Dividends paid on equity capital	<u>640,780</u>	<u>383,000</u>

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**21 NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating profit	4,426,929	2,160,831
Amortisation of intangible fixed assets	229,585	196,669
Depreciation of tangible fixed assets	74,515	64,753
Impairments of fixed assets	-	153,346
(Profit)/loss on disposal of tangible fixed assets	(315)	2,213
Increase in debtors	(813,696)	(265,623)
Decrease in amounts owed by joint ventures	72,949	46,850
Increase/(decrease) in creditors	1,687,956	(530,221)
(Decrease)/increase in provisions	(20,961)	294,926
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>5,656,962</b>	<b>2,123,744</b>

**22 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £	2012 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	254,094	19,712
Interest paid	-	(8,732)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>254,094</b>	<b>10,980</b>

	2013 £	2012 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(112,537)	(111,086)
Sale of tangible fixed assets	526	622
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(112,011)</b>	<b>(110,464)</b>

	2013 £	2012 £
<b>ACQUISITIONS AND DISPOSALS</b>		
Purchase of fixed asset investments	-	(77,743)
Purchase of share in associates'	(50,300)	-
Sale of share in associates'	766	-
	-	239,881
<b>NET CASH (OUTFLOW)/INFLOW FROM ACQUISITIONS AND DISPOSALS</b>	<b>(49,534)</b>	<b>162,138</b>

**MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**22 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2013 £	2012 £
<b>FINANCING</b>		
Repayment of finance leases	-	(2,506)
Issue of C Shares	-	630
<b>NET CASH FROM FINANCING</b>	<u>-</u>	<u>(1,876)</u>

**23 ANALYSIS OF CHANGES IN NET FUNDS**

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	4,743,245	4,644,908	-	9,388,153
<b>NET FUNDS</b>	<u>4,743,245</u>	<u>4,644,908</u>	<u>-</u>	<u>9,388,153</u>

**24 PENSION COMMITMENTS**

The group operates a defined contributions pension scheme and also makes contributions to a self invested personal pension (SIPP) The assets of the scheme and the SIPP are held separately from those of the group in independently administered funds The pension cost charge represents contributions payable by the group to the fund and the SIPP and amounted to £148,197 (2012 - £137,163) Contributions totalling £12,299 (2012 - £8,335) were payable to the fund at the balance sheet date and are included in creditors

**25 OPERATING LEASE COMMITMENTS**

At 31 December 2013 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		2013 £	Other 2012 £
	2013 £	2012 £		
<b>GROUP</b>				
<b>EXPIRY DATE.</b>				
After more than 5 years	141,468	141,468	-	-

## MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

#### 26. RELATED PARTY TRANSACTIONS

Accounting services are provided to the group by Robconsult Limited, a company in which P Robinson is a director and shareholder. Services supplied are on an arm's length basis and amounted to £19,078 plus VAT during the year (2012 £18,000 plus VAT). At the year-end £1,813 (2012 £1,813) was owing to Robconsult Limited in respect of these transactions.

At 31 December 2013 there was an amount of £488,926 (2012 £328,425) due to the group from Brief Your Market Limited, a company in which R Palmer, P Robinson and P Brodnicki are directors and shareholders. This loan is unsecured, accrues interest at a rate of 8.75% per annum and had no fixed repayment date. Subsequent to the year-end this loan was repaid in full.

The group also made purchases of £46,046 (2012 £38,339) and sales of £4,781 (2012 £4,570) to Brief Your Market Limited. At the 31 December 2013, £1,448 (2012 £2,937) was due to Brief Your Market Limited.

At 31 December 2013 there was an amount of £906,563 (2012 £722,535) due to the group from House Buyer Bureau Limited, a company in which S Blunt is a director and shareholder. This loan is unsecured, accrues interest at a rate of 8.75% per annum and had no fixed repayment date, subsequent to the year-end this loan was repaid in full.

During the year the group made purchases from Astute Insurance Solutions Limited of £3,535 (2012 £2,678), a company in which P Robinson is a director.

During the year the group received introducer fees of £26,267 (2012 £Nil) from Capital Private Finance Limited, an associated company. At 31 December 2013 there was a balance due from Capital Private Finance Limited of £3,410 (2012 £Nil).

At 31 December 2013 there was a loan outstanding to Pinnacle Surveyors (England & Wales) Limited, an associated company, of £18,600 (2012 £93,000).

At 31 December 2013 there was a loan outstanding to Client Data Systems Group Limited of £347,891 (2012 £347,891), a company in which Mortgage Advice Bureau Limited has a 7% shareholding. This loan is secured on the freehold property owned by one of the directors of Client Data Systems Group Limited, interest free and has no fixed repayment date.

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group companies which are 100% owned.

#### 27. POST BALANCE SHEET EVENTS

On 3 January 2014 all 4,000 A Ordinary shares of £1 in issue were purchased by the company and cancelled for a total consideration of £4,521,816. On the same date 4,500 D Ordinary shares of £1 were purchased by the company and cancelled for a total consideration of £4,500.

#### 28. CONTROLLING PARTY

There is no ultimate controlling party as no one individual controls over 50% of the equity share capital.

## MORTGAGE ADVICE BUREAU (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2013

#### 29. PRINCIPAL SUBSIDIARIES AND ASSOCIATES

##### a PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Dormant
Mortgage Talk Limited	England and Wales	100	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company

##### b PRINCIPAL ASSOCIATES

Company name	Country	Percentage Shareholding	Description
Capital Private Finance Limited	England and Wales	49	Provision of financial services
CO2 Commercial Limited	England and Wales	49	Property surveyors
Buildstore Limited	England and Wales	25	Provision of financial services

Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, MABWM Limited are all 100% directly owned by Mortgage Advice Bureau Limited. Capital Private Finance Limited and CO2 Commercial Limited are also owned directly by Mortgage Advice Bureau Limited.

Mortgage Talk Limited is directly owned by Talk Limited.

CO2 Commercial Limited is the parent company of Pinnacle Surveyors (England & Wales) Limited. The company is entitled to 49% of the results for both Capital Private Finance Limited and CO2 Commercial Limited, by virtue of its 49% equity stake.

Buildstore Limited was incorporated on 20 February 2013 and a 25% interest was acquired by the company in December 2013. Statutory accounts for the period have yet to be filed and, on the basis of materiality, no disclosures have been included within the financial statements.

Details of dormant subsidiaries are not disclosed on the basis that these are not material to the results of the group.