

Mortgage Agency Services Number Seven Limited
Directors' report and financial statements
for the year ended 31 December 2011

Registered Number: 4962880

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Mortgage Agency Services Number Seven Limited

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Mortgage Agency Services Number Seven Limited

Directors and advisors

Directors

Mr K Alderson
Mr P M Garlick
Mr W E Newby
Mr D Tweedy
Mr P A Wilson

Secretary

Mrs S Moss

Independent auditor

KPMG Audit Plc
St James Square
Manchester
M2 6DS

Registered office

New Century House
Corporation Street
Manchester
M60 4ES

Registered number

4962880

Mortgage Agency Services Number Seven Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of Mortgage Agency Services Number Seven Limited (Registered Company No 4962880) for the year ended 31 December 2011

Principal activities

The Company was incorporated in England and does not trade. Income relates to interest received on outstanding debts.

Review of business and future developments

As the Company has not traded with external parties there is no activity to report on and there is no expectation to use the Company for external trading in the immediate future. The directors are satisfied with the results of the Company and the intercompany interest received.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The only business risk and uncertainty affecting the Company is considered to relate to the credit risk on the intercompany debts. However, this is considered an insignificant risk to the Company.

As set out more fully in the statement of accounting policies, these financial statements have been prepared under the current International Financial Reporting Standards (IFRS) framework, as endorsed by the European Union (EU). All financial information given in this directors' report is taken solely from the statutory results prepared on the above basis.

Results and dividends

The loss for the year after taxation amounted to £484 (2010 £5,445). The net assets of the Company at 31 December 2011 were £256,046 (2010 £256,530). The directors do not propose a dividend for the year ending 31 December 2011 (2010 £nil).

Directors and their interests

The directors who held office during the year are given below:

Mr K Alderson (appointed 6 April 2011)
Mr P M Garlick (appointed 19 January 2011)
Mr W E Newby
Mr D Tweedy
Mr P A Wilson (appointed 20 January 2011)

No director had a beneficial interest in the share capital of the Company or any other company in The Co-operative Group Limited at any time during the year under review.

Going concern

The directors have considered the Company's business activities together with its financial position and the factors likely to affect its future development and performance.

Consequently, after making enquiries, the directors are satisfied that the Company has sufficient resources to continue in business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Mortgage Agency Services Number Seven Limited

Directors' report for the year ended 31 December 2011 (continued)

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 IFRS 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 the 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 IFRS 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.


Disclosure of information to auditor

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 auditor is unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

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

On behalf of the Board

Signed 
Mrs S. Moss
Secretary

Date 16 April 2012

Mortgage Agency Services Number Seven Limited

Independent auditor's report to the members of Mortgage Agency Services Number Seven Limited

We have audited the financial statements of Mortgage Agency Services Number Seven Limited for the year ended 31 December 2011 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, 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 (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 website at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

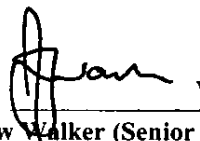
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Signed



Andrew Walker (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

KPMG Audit Plc

St James Square

Manchester

M2 6DS

Date 16 April 2012

Mortgage Agency Services Number Seven Limited

Statement of comprehensive income for the year ended 31 December 2011

	Notes	2011 £	2010 £
Interest receivable and similar income	2	2,211	1,997
Net interest income		2,211	1,997
Other operating expenses	4	(2,868)	(9,560)
Loss before taxation		(657)	(7,563)
Taxation	5	173	2,118
Loss attributable to equity holders	9	(484)	(5,445)

All results are from continued operations

There are no recognised gains or losses other than losses for the current year

The accounting policies and notes on pages 8 to 13 form part of these financial statements

Mortgage Agency Services Number Seven Limited

Balance sheet as at 31 December 2011

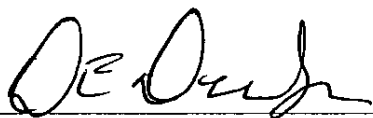
	Notes	2011 £	2010 £
Assets			
Other receivables	6	258,611	259,188
Current tax assets		174	2,118
Total Assets		258,785	261,306
Liabilities			
Other payables	7	2,739	4,776
Total liabilities		2,739	4,776
Equity			
Called-up share capital	8	250,000	250,000
Retained earnings	9	6,046	6,530
Total equity and liabilities		258,785	261,306

The accounting policies and notes on pages 8 to 13 form part of these financial statements

Approved by the Board of Directors on 16 April 2012 and signed on its behalf by

Signed

Mr W. Newby
Director



Date 16 April 2012

Mortgage Agency Services Number Seven Limited

Statement of changes in equity for the year ended 31 December 2011

	Share Capital £	Retained Earnings £	Total £
Year ended 31 December 2011			
Balance at the beginning of the year	250,000	6,530	256,530
Loss for the year	-	(484)	(484)
Balance at the end of the year	250,000	6,046	256,046

	Share Capital £	Retained Earnings £	Total £
Year ended 31 December 2010			
Balance at the beginning of the year	250,000	11,975	261,975
Loss for the year	-	(5,445)	(5,445)
Balance at the end of the year	250,000	6,530	256,530

The accounting policies and notes on pages 8 to 13 form part of these financial statements

Mortgage Agency Services Number Seven Limited

Statement of accounting policies for the year ended 31 December 2011

Basis of preparation

Mortgage Agency Services Number Seven Limited is a company incorporated and domiciled in England

The Company's financial statements have been prepared under the historical cost convention

The Company is required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and implemented in the UK, interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to organisations reporting under IFRS

In preparing these financial statements, the Company has adopted the following pronouncements during the year that are new or revised but have no material impact on the financial statements

IAS 24 – Related Party Disclosure (revised November 2009)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (issued November 2009)

There are no significant uncertainties applied in the basis of preparing these financial statements

Functional and presentational currency

The financial statements are presented in sterling, which is the Company's functional currency (ie the primary currency in which it transacts business) and presentational currency

Taxation

Tax on the loss for the year comprises current tax

Current tax

The expected tax payable on the results for the year is called current tax. It is calculated using the tax rates in force during the reporting period. The current tax charge includes adjustments to tax payable in prior periods.

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2011

1 Loss before taxation

Loss on ordinary activities before taxation is stated after charging

	2011	2010
	£	£
Audit fees for the audit of the Company's financial statements	1,560	2,000

2 Interest receivable and similar income

	2011	2010
	£	£
On financial assets not at fair value through income and expense		
Interest receivable from group undertakings	2,211	1,997
	2,211	1,997

3 Directors' emoluments

The directors received emoluments from The Co-operative Bank plc for services rendered to all companies in the Group. However, these are not apportioned to the individual companies.

At 31 December 2011, five directors had benefits accruing under The Co-operative Group pension schemes (2010 one). Particulars of the latest actuarial valuations of the Group pension schemes are disclosed in the accounts of The Co-operative Bank plc.

The Company had no employees during the current or prior year.

4 Other operating expenses

	2011	2010
	£	£
Professional and accountancy fees	1,560	2,700
Subscriptions	1,308	1,382
Professional insurance	-	5,478
	2,868	9,560

Professional insurance previously paid by Mortgage Agency Services Number Seven Limited is now paid by The Co-operative Bank plc.

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

5 Taxation

	2011 £	2010 £
UK tax at 26.49% (2010 28%)		
Corporation tax		
Current	(174)	(2,118)
Adjustment in respect of prior years	1	-
Total corporation tax	(173)	(2,118)

Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the year is higher than the standard effective rate of corporation tax in the UK of 26.49% (2010 28%). The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	(657)	(7,563)
Loss before tax multiplied by standard rate of tax	(174)	(2,118)
Effects of		
Adjustment in respect of prior years	1	-
	(173)	(2,118)

The 2012 budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012. This will reduce the Company's future current tax charge accordingly. The tax disclosures for the period reflect deferred tax at the 25% substantively enacted rate at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the further announced rate reductions, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

6 Other receivables

	2011 £	2010 £
Amounts owed by The Co-operative Bank plc	258,305	259,188
Prepayments and accrued income	306	-
	258,611	259,188

The above amounts owed by The Co-operative Bank plc are expected to be settled more than 12 months after the end of the reporting period. There is no formal repayment schedule for the monies, which are repayable on demand.

The effective interest rate on the above amount owed by The Co-operative Bank plc is 1 month LIBOR plus 21 basis points and the average funding at a floating rate was 0.86% (2010 0.77%).

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

7 Other payables

	2011 £	2010 £
Accruals and deferred income	2,739	4,776
	2,739	4,776

8 Called-up share capital

	2011 £	2010 £
Issued and fully paid		
250,000 ordinary shares of £1 each	250,000	250,000

The Company's funding consists of share capital. Capital is managed on the whole by The Co-operative Bank plc, which is subject to the capital requirements imposed by its regulator the Financial Services Authority (FSA). During the period, The Co-operative Bank plc complied with the capital requirements set by the FSA.

9 Retained earnings

Movements in retained earnings were as follows

	2011 £	2010 £
Balance at the beginning of the year	6,530	11,975
Loss for the year	(484)	(5,445)
Balance at the end of the year	6,046	6,530

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

10 Reconciliation of operating profit to net cash flows from operating activities

	2011 £	2010 £
Loss before taxation	(657)	(7,563)
Increase in prepayments	(306)	-
(Decrease)/increase in accruals	(2,037)	3,130
Cash flows from operating activities before changes in operating assets and liabilities	(3,000)	(4,433)
Net decrease in amounts owed by The Co-operative Bank plc	883	4,283
Taxation paid	2,117	150
Net cash flows from operating activities	-	-

A statement of cash flows has not been prepared as there are no cash flows other than those in the reconciliation of operating cash flows and there is no year end cash balance

11 Ultimate parent undertaking and controlling entity

The Company's immediate parent undertaking and controlling entity is Britannia Treasury Services Limited, a company registered in England

The largest group in which the results of the Company are consolidated is that headed by The Co-operative Group Limited. The Co-operative Group Limited is a mutual organisation owned by its members and consequently has no controlling body. It is incorporated in England and registered under the Industrial and Provident Societies Acts. The financial statements of the ultimate parent company are available from New Century House, Manchester, M60 4ES. The smallest group in which they are consolidated is that headed by The Co-operative Bank plc, which is incorporated in England. The financial statements of this group are available from 1 Balloon Street, Manchester, M60 4EP.

12 Related party transactions

As stated in the note above, the Company is a subsidiary of The Co-operative Group Limited. Consequently the directors of the Company consider The Co-operative Group Limited and its subsidiaries to be related parties of the Company. Transactions with The Co-operative Group Limited and its subsidiaries are disclosed below.

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2011 (continued)

12 Related party transactions (continued)

	Interest receivable and other income £	Balance due to the Company £
Year ended 31 December 2011		
The Co-operative Bank plc	2,211	258,305
<hr/>		
Year ended 31 December 2010		
The Co-operative Bank plc	1,997	259,188
<hr/>		

The following directors have benefits accruing under The Co-operative Group pension schemes and are considered to be related parties

Mr K Alderson
Mr P M Garlick
Mr W E Newby
Mr D Tweedy
Mr P A Wilson

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions

13 New pronouncements issued in 2011

The following pronouncement has been issued and will be effective for and relevant to the period ending 31 December 2012

- Amended IAS 12 – Income Taxes Deferred Tax, recovery of underlying assets (2010)

This pronouncement is not mandatory for the year ended 31 December 2011, it will become effective for annual periods beginning on or after 1 January 2012 but may be applied earlier

The following pronouncement has been issued and will be effective for and relevant to the period ending 31 December 2013

- Amended IAS 1 – Presentation of Financial Statements on the Statement of Comprehensive Income

This pronouncement is not mandatory for the year ended 31 December 2011, it will become effective for annual periods beginning on or after 1 July 2012 but may be applied earlier

The following pronouncement has been issued and will be effective for and relevant to the period ending 31 December 2015

- IFRS 9 - Financial Instruments

This pronouncement is not mandatory for the year ended 31 December 2011, it will become effective for annual periods beginning on or after 1 January 2015 but may be applied earlier