

Mortgage Agency Services Number Seven Limited
Directors' report and financial statements
for the year ended 31 December 2010

Registered Number: 4962880

WEDNESDAY



A57 20/04/2011 189
COMPANIES HOUSE

Mortgage Agency Services Number Seven Limited

Contents

Directors and advisors	1
Directors' report for the year ended 31 December 2010	2
Independent auditor's report to the members of Mortgage Agency Services Number Seven Limited	4
Statement of comprehensive income for the year ended 31 December 2010	5
Balance sheet as at 31 December 2010	6
Statement of changes in equity for the year ended 31 December 2010	7
Statement of accounting policies for the year ended 31 December 2010	8
Notes to the financial statements for the year ended 31 December 2010	9

Mortgage Agency Services Number Seven Limited

Directors and advisors

Directors

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

Secretary

Mrs S Moss

Independent auditors

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 2010

The directors present their report and the audited financial statements of the Company (Registered Company No 4962880) for the year ended 31 December 2010

Principal activities

The Company was incorporated in England and Wales 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. 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 £5,445 (2009: £387). The net assets of the Company at 31 December 2010 were £256,530 (2009: £261,975). The directors do not propose a dividend for the year ending 31 December 2010 (2009: £nil).

Directors and their interests

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

Mr R Altham (resigned 10 November 2010)
Mr P M Garlick (appointed 19 January 2011)
Mr J I Katovsky (resigned 19 March 2010)
Mr W E Newby
Mr A J Reizenstein (resigned 7 December 2010)
Mr J L Rowan (resigned 22 October 2010)
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 Group at any time during the year under review.

Going concern

After preparing and reviewing forecasts and projections, stressed to take account of reasonable possible changes in assumptions, the directors are satisfied that the Company will have adequate resources to continue in business for the foreseeable future and that it is appropriate 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 2010 (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 auditors

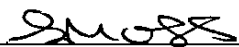
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as directors to make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

Independent auditors

In accordance with Section 489 of the Companies Act 2006, resolutions for the appointment and remuneration of the auditor will be proposed at the next Annual General Meeting.

On behalf of the Board

Signed _____
S Moss
Secretary



Date 4 April 2011

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 2010 set out on pages 5 to 12. 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 2010 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

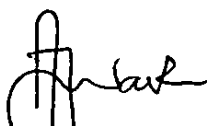
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

4 April 2011

Mortgage Agency Services Number Seven Limited

Statement of comprehensive income for the year ended 31 December 2010

	Notes	2010 £	2009 £
Interest receivable and similar income	2	1,997	2,981
Net interest income		1,997	2,981
Other operating expenses	4	(9,560)	(3,518)
Loss before taxation		(7,563)	(537)
Taxation	5	2,118	150
Loss attributable to equity holders	9	(5,445)	(387)

Loss is derived from continuing operations and all activities are in the UK

The accounting policies and notes on pages 8 to 12 form part of these financial statements

Mortgage Agency Services Number Seven Limited

Balance sheet as at 31 December 2010

	Notes	2010 £	2009 £
Assets			
Other receivables	6	259,188	263,471
Current tax assets		2,118	150
Total assets		261,306	263,621
Liabilities			
Other payables	7	4,776	1,646
Total liabilities		4,776	1,646
Equity			
Called-up share capital	8	250,000	250,000
Retained earnings	9	6,530	11,975
Total equity and liabilities		261,306	263,621

The accounting policies and notes on pages 8 to 12 form part of these financial statements

Approved by the Board of Directors on 4 April 2011 and signed on its behalf by

Signed
W E Newby
Director



Mortgage Agency Services Number Seven Limited

Statement of changes in equity for the year ended 31 December 2010

	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

	Share Capital	Retained Earnings	Total
Year ended 31 December 2009		£	£
Balance at the beginning of the year	250,000	12,362	262,362
Loss for the year	-	(387)	(387)
Balance at end of the year	250,000	11,975	261,975

The accounting policies and notes on pages 8 to 12 form part of these financial statements

Mortgage Agency Services Number Seven Limited

Statement of accounting policies for the year ended 31 December 2010

Basis of preparation

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

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

Disclosed below are the standards, interpretations and amendments which as at 31 December 2010 had been issued, and are now effective, but not considered to be relevant to the Company's operations

IAS 27 – Consolidated and Separate Financial Statements

IFRS 3 – Business Combinations

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

Functional and presentation currencies

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

Fee and commission income

Fee and commission income, other than that directly related to loans is recognised over the year for which service has been provided or on completion of an act to which the fee relates

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months to maturity from the date of acquisition

Segmental reporting

The Company operates in one business segment and all business is conducted in the UK, therefore no segmental information is presented

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2010

1 Loss before taxation

Loss on ordinary activities before taxation is stated after charging

	2010 £	2009 £
Audit fee for the audit of the Company's financial statements	2,000	2,000

2 Interest receivable and similar income

	2010 £	2009 £
On financial assets not at fair value through income and expense		
Interest receivable from group undertakings	1,997	2,981
	1,997	2,981

3 Directors' emoluments and employees

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 2010, one director had benefits accruing under The Co-operative Group pension schemes (2009 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

	2010 £	2009 £
Professional fees	-	75
Accountancy fees	2,700	2,000
Subscriptions	1,382	1,443
Professional insurance	5,478	-
	9,560	3,518

5 Taxation

	2010 £	2009 £
UK tax at 28% (2009 28%)		
Corporation tax		
Current	(2,118)	(150)
Total corporation tax	(2,118)	(150)

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

5 Taxation (continued)

Factors affecting tax charge for the year

The average effective rate of corporation tax assessed for the year is equal to the standard rate of corporation tax in the UK of 28% (2009 28%), as detailed below

	2010 £	2009 £
Loss on ordinary activities before tax	(7,563)	(537)
Loss before tax multiplied by standard rate of tax	(2,118)	(150)
	(2,118)	(150)

6 Other receivables

	2010 £	2009 £
Amounts owed by group undertakings	259,188	263,471
	259,188	263,471

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

The effective interest rate on the above amount owed by group undertakings is 1 month LIBOR plus 21 basis points and the average funding at a floating rate was 0.77% (2009 1.12%).

7 Other payables

	2010 £	2009 £
Accruals and deferred income	4,776	1,646
	4,776	1,646

8 Called-up share capital

	2010 £	2009 £
Issued and fully paid		
250,000 ordinary shares of £1 each	250,000	250,000

The Company is funded entirely by share capital. Capital is managed on the whole by The Co-operative Bank plc, who 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.

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

9 Retained earnings

Movements in retained earnings were as follows

	2010 £	2009 £
Balance at the beginning of the year	11,975	12,362
Loss for the year	(5,445)	(387)
Balance at the end of the year	6,530	11,975

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

	2010 £	2009 £
Loss before taxation	(7,563)	(537)
Increase in accruals	3,130	8
Cash flows from operating losses before changes in operating assets and liabilities	(4,433)	(529)
Net decrease in amounts owed by group undertakings	4,283	3,103
Taxation	150	(2,574)
Net cash flows from operating activities	-	-

A statement of cash flows has not been prepared due to lack of cash flows other than those in the reconciliation of operating cash flows and the fact that 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.

Mortgage Agency Services Number Seven Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

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 in the financial statements below.

	Interest receivable and other income £	Balance due to the Company £
Year ended 31 December 2010		
The Co-operative Bank plc	1,997	259,188
<hr/>		
Year ended 31 December 2009		
The Co-operative Bank plc	2,981	263,471

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

13 Dividend per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the Annual General Meeting no dividend in respect of 2010 is to be proposed (2009: £nil). Dividends are accounted for in shareholder's equity as an appropriation of retained profit in the year in which they are ratified at the Annual General Meeting.

14 New pronouncements issued in 2010

The following standards, interpretations and amendments have been issued and will be effective for and relevant to the period ending 31 December 2011:

- in October 2009 the IASB issued Classification of Rights Issues – Amendment to IAS 32 Financial Instruments Presentation with an effective date of 1 February 2010,
- in November 2009 the IASB issued IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, with an effective date of 1 July 2010,
- in May 2010 the IASB issued improvements to IFRS 2010, which comprises 11 amendments to seven standards. The only amendments relevant to the Company are the revised versions of IAS 1 Presentation of Financial Statements and IFRS 7 Financial Instruments Disclosures, both with an effective date of 1 January 2011, and
- in November 2009 the IASB issued a revised version of IAS 24 Related Party Disclosures, with an effective date of 1 January 2011.

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

- IFRS 9 - Financial Instruments

This pronouncement is not mandatory for the year ended 31 December 2010, it will become effective for annual periods beginning on or after 1 January 2013 but may be applied earlier.